



May 9, 2006

Heller Ehrman (Hong Kong) Ltd.

海陸(香港)有限公司

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USA  
Attention Filer Support  
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**SUPPL**

**SEC FILE NO. 82-3850**

Re: Galaxy Entertainment Group Limited  
(formerly known as K. Wah Construction Materials Limited)  
Information Furnished Pursuant to Rule 12g3-2(b)  
under the Securities Exchange Act

**PROCESSED**

**MAY 17 2006**

**THOMSON  
FINANCIAL**

Ladies and Gentlemen:

On behalf of Galaxy Entertainment Group Limited (the "Company"), S.E.C. File No. 82-3850, the enclosed copies of the following documents are submitted to you in order to maintain the Company's exemption from Section 12(g) of the Securities Exchange Act of 1934 (the "Act") pursuant to Rule 12g3-2(b) under the Act:

- (1) The Company's announcement regarding notice of annual general meeting, dated April 28, 2006, published (in English language) in South China Morning Post and published (in Chinese language) in Hong Kong Economic Times, both on April 28, 2006;
- (2) The Company's circular regarding proposals for re-election of directors, general mandate to repurchase shares and refreshment of scheme mandate limit under the share option scheme, dated April 28, 2006;
- (3) The Company's 2005 annual report, dated April 28, 2006 together with a proxy form;

*[Handwritten signature]*

- (4) The Company's announcement regarding the audited financial results of Galaxy Casino, S.A. for the year ended December 31, 2005, dated April 26, 2006, published (in English language) in South China Morning Post and published (in Chinese language) in Hong Kong Economic Times, both on April 26, 2006;
- (5) The Company's announcement regarding annual results for the year ended December 31, 2005, dated April 11, 2006, published (in English language) in South China Morning Post and published (in Chinese language) in Hong Kong Economic Times, both on April 12, 2006;
- (6) The Company's announcement regarding change of registered office, dated February 22, 2006, published (in English language) in South China Morning Post and published (in Chinese language) in Hong Kong Economic Times, both on February 23, 2006;
- (7) The Company's announcement regarding disclosure under rule 13.09(1) of the listing rules amendment to the terms of the series 'B' fixed rate notes, dated January 16, 2006, published (in English language) in South China Morning Post and published (in Chinese language) in Hong Kong Economic Times, both on January 17, 2006.

The parts of the enclosed documents that are in Chinese substantially restate the information appearing elsewhere in English.

We would appreciate your acknowledging receipt of these materials by stamping and returning the enclosed copy of this letter. A self-addressed, stamped envelope is enclosed for your convenience.

Very truly yours,

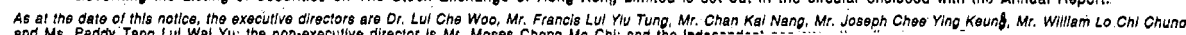


Simon Luk

Enclosure

cc: Galaxy Entertainment Group Limited

19063\0002\36





## GALAXY ENTERTAINMENT GROUP LIMITED

### 銀河娛樂集團有限公司

(於香港註冊成立之有限公司)

(股份代號：27)

#### 股東週年大會通告

茲訂於二零零六年六月二十九日星期四上午十一時正假座香港中環金鐘道88號萬豪酒店3樓宴會廳召開二零零六年銀河娛樂集團有限公司股東週年大會，商議下列事項：

1. 省覽截至二零零五年十二月三十一日止年度之財務報表及董事會與核數師報告書；
2. 選舉董事，及釐定董事袍金；
3. 重聘核數師，並授權董事會釐定其酬金；
4. 作為特別事項考慮下列議案，如認為適當，即通過為普通決議案：

#### 4.1 「動議」：

- (甲) 在下文(乙)段之限制下，批准以一般性及無條件授權本公司董事會在有關期間內行使本公司所有權力以購買本公司之股份；
- (乙) 依據上文(甲)段所載授權，按香港購回股份守則在香港聯合交易所有限公司以及在香港證券及期貨事務監察委員會及香港聯合交易所有限公司認可之任何其他交易所購回之股份面值總額不得超過本公司於通過本議案之日已發行股本面值總額之百分之十，而上文之批准亦須受此限制；及
- (丙) 就本議案而言：
- 「有關期間」指本議案通過之日起至下列三者之最早日期之期間：
- (i) 本公司下年度股東週年大會結束；
  - (ii) 本公司根據公司條例規定下年度股東週年大會應予召開之期限屆滿時；或
  - (iii) 本公司之股東於股東大會上以普通決議案取消或修改本議案作出之批准。」

#### 4.2 「動議」：

- (甲) 在下文(丙)段之限制下，批准以一般性及無條件授權本公司董事會在有關期間內行使本公司所有權力以配發、發行及處理本公司股本內新增股份，並在行使此等權力下作出或發出售股建議、協議及認股權；
- (乙) 上文(甲)段之批准即授權本公司董事會在有關期間內作出或授予需於有關期間以後行使此等權力之售股建議、協議及認股權；
- (丙) 本公司董事會依據上文(甲)段批准配發或同意有條件或無條件配發(不論是否依據認股權或其他而配發者)之股本面值總額(但(i)配售新股，或(ii)按照本公司所發行之任何可轉換為本公司股份之任何證券之條款而行使之認購或轉換權，或(iii)當時本公司根據香港聯合交易所有限公司證券上市規則採納以授予或發行本公司股份或購買本公司股份之權利之任何認股權計劃或類似安排；或(iv)遵照本公司之公司組織章程細則之以股代息或類似之安排，以配發本公司之股份，以代替全部或部分股息者除外)，不得超過：
- (甲甲) 本公司於通過本議案之日已發行股本面值總額百分之二十；另加
- (乙乙) (倘董事會獲本公司股東根據一項獨立之普通決議案授權)本公司於本議案獲通過後所購回之本公司股本面值總額(以通過載有本議案之大會通告內第4.1項議案之日本公司已發行股本面值總額百分之十為限)；
- 而本公司董事會上文所獲賦予之批准亦須受此限制；及
- (丁) 就本議案而言：
- 「有關期間」指本議案通過之日起至下列三者之最早日期之期間：
- (i) 本公司下年度股東週年大會結束；
  - (ii) 本公司根據公司條例規定下年度股東週年大會應予召開之期限屆滿時；或
  - (iii) 本公司之股東於股東大會上以普通決議案取消或修改本議案作出之批准；及
- 「配售新股」指本公司董事會於訂定之期間向股東名冊內於指定記錄日期所登記之股份持有人按其當時持股比例配售新股之建議(惟本公司董事會有權就零碎股份或就任何香港以外地區之法律或任何認可管制機構或證券交易所之規定而產生之任何限制或責任而須或權宜取消若干股東在此方面之權利或作出其他安排。)

#### 4.3 「動議授權本公司董事會，就載有本議案之大會通告內第4.2項議案(丙)段(乙乙)分段所述之本公司股本，行使該議案(甲)段所述之權力。」

#### 4.4 「動議在香港聯合交易所有限公司上市委員會批准因根據本公司於二零零二年五月三十日採納之認股權計劃(「認股權計劃」)可能發行之本公司股份(「股份」)上市及買賣後，更新及重續現時有關授出可認購股份之認股權之計劃授權限額，惟因根據認股權計劃授出認股權或因認股權獲行使而可能予以配發及發行之股份總數(不包括根據認股權計劃先已授出、未行使、已註銷、失效或已行使之認股權)不得超過本議案通過當日已發行股份之百分之十(「更新限額」)，並授權本公司董事，在符合香港聯合交易所有限公司證券上市規則之前提下，根據認股權計劃授出數目最高達更新限額之認股權，並行使本公司一切權力以配發、發行及處理因該等認股權獲行使而發行之股份。」

承董事會命  
公司秘書  
陳麗潔

香港，二零零六年四月二十八日

#### 附註：

- 一、 凡有權出席此次股東週年大會投票之股東，可委派一位或多位代表出席及於表決時代為投票，代表人不必為本公司之股東。
  - 二、 大會之代表委任表格已隨年報郵寄予股東。代表委任表格須於大會召開前最少四十八小時送達本公司之註冊辦事處。
  - 三、 關於上述議案第2項，鄧惠強先生、鄧嘉慧女士及鄭嘉智先生將於大會上輪席告退，彼等表示如再度獲選，願繼續留任。上述董事之詳細資料已載於隨年報附上之通函。
  - 四、 關於上述議案第4.1項，提出要求股東批准增加董事會之靈活度及賦予其酌情權，以便在情況適宜時在香港聯合交易所有限公司購回佔本公司於通過議案之日已發行股本面值總額最多達百分之十之股份。載有有關建議授權予董事會之購回授權資料之說明函件之本公司通函已隨年報附上。
  - 五、 關於上述議案第4.2項，提出要求股東批准授予董事會權力以配發、發行及處理本公司股本內之新增股份。
  - 六、 關於上述議案第4.4項，提出要求股東批准更新由股東於二零零二年五月三十日採納之認股權計劃之計劃授權限額。根據香港聯合交易所有限公司證券上市規則須向股東披露之有關更新之資料，已載於隨附年報之通函內。
- 於本通告日期，執行董事為呂志和博士、呂耀東先生、陳啟能先生、徐應強先生、羅志聰先生及鄧嘉慧女士，非執行董事為鄭嘉智先生，獨立非執行董事為張惠彬博士、顏志宏先生及葉樹林博士。

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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Galaxy Entertainment Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular should be read in conjunction with the accompanying Annual Report for the year ended 31st December 2005.

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**GALAXY ENTERTAINMENT GROUP LIMITED**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 27)**

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,  
GENERAL MANDATE TO REPURCHASE SHARES  
AND  
REFRESHMENT OF SCHEME MANDATE LIMIT  
UNDER THE SHARE OPTION SCHEME**

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28th April 2006

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

"Affiliate"	any company which is (a) a holding company of the Company; or (b) a subsidiary of a holding company of the Company; or (c) a subsidiary of the Company; or (d) a controlling shareholder of the Company; or (e) a company controlled by a controlling shareholder of the Company; or (f) a company controlled by the Company; or (g) an associated company of a holding company of the Company; or (h) an associated company of the Company
"Annual General Meeting"	the annual general meeting of the Company to be held at Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 29th June 2006 at 11:00 a.m.
"Annual Report"	the annual report of the Company for the year ended 31st December 2005
"Article(s)"	article(s) of the Articles of Association
"Articles of Association"	articles of association of the Company
"associates"	has the meaning ascribed to the expression under the Listing Rules
"Board"	the board of Directors
"Companies Ordinance"	Companies Ordinance, Chapter 32 of the Laws of Hong Kong
"Company"	Galaxy Entertainment Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
"connected persons"	has the meaning ascribed to the expression under the Listing Rules
"Director(s)"	the director(s) of the Company
"Dr. Lui"	Dr. Lui Che Woo, a director and the Chairman of the Company
"Employee"	any person employed (on a full-time or part-time basis) by the Company or any affiliate and any person who is a senior executive or director (whether executive or non-executive) of the Company or any affiliate
"Extraordinary General Meeting"	the extraordinary general meeting of the Company held on 12th October 2005
"Hong Kong"	the Hong Kong Special Administrative Region of The People's Republic of China
"KWIH"	K. Wah International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange and a substantial shareholder of the Company
"Latest Practicable Date"	24th April 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

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## DEFINITIONS

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"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Lui Family Members"	family members comprising Dr. Lui, his spouse, sons and daughters
"Qualifying Grantee"	any Employee or any consultant, agent, representative or adviser of the Company or any affiliate; or any person who provides goods or services to the Company or any affiliate; or any customer or contractor of the Company or any affiliate; or any business ally or joint venture partners of the Company or any affiliate; or any trustee of any trust established for the benefit of Employees
"Repurchase Code"	the Hong Kong Code on Share Repurchases
"Scheme Mandate Limit"	has the meaning ascribed thereto in the section headed "Refreshment of the Scheme Mandate Limit under the Share Option Scheme" in the Letter from the Board in this circular
"Securities and Futures Ordinance"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share Option Scheme"	the share option scheme adopted by the Company at the annual general meeting of the Company held on 30th May 2002
"Share(s)"	share(s) of HK\$0.10 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Trusts"	the two discretionary Lui Family trusts established by Dr. Lui as founder
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent



## **GALAXY ENTERTAINMENT GROUP LIMITED**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 27)**

**Executive Directors:**

Dr. Lui Che Woo, GBS, MBE, JP, LLD, DSSc (*Chairman*)  
Francis Lui Yiu Tung (*Deputy Chairman*)  
Chan Kai Nang  
Joseph Chee Ying Keung  
William Lo Chi Chung  
Paddy Tang Lui Wai Yu, JP

**Registered Office:**

Room 1606, 16th Floor  
Hutchison House  
10 Harcourt Road  
Central  
Hong Kong

**Non-Executive Directors:**

Dr. Charles Cheung Wai Bun, JP\*  
Moses Cheng Mo Chi, GBS, OBE, JP  
James Ross Ancell\*  
Dr. William Yip Shue Lam, LLD\*

\* *Independent Non-executive Directors*

28th April 2006

*To the Shareholders,*

Dear Sir or Madam,

### **PROPOSALS FOR RE-ELECTION OF DIRECTORS, GENERAL MANDATE TO REPURCHASE SHARES AND REFRESHMENT OF SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME**

#### **INTRODUCTION**

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting relating to (i) the re-election of Directors; (ii) the granting to the Directors of a general mandate for the repurchase of Shares representing up to 10% of the Company's issued share capital as at the date of passing of such resolution; and (iii) the refreshment of the Scheme Mandate Limit.

#### **RE-ELECTION OF DIRECTORS**

Pursuant to Article 106(A) of the Articles of Association, Mr. Joseph Chee Ying Keung, Ms. Paddy Tang Lui Wai Yu and Mr. Moses Cheng Mo Chi shall retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

Details of the Directors proposed to be re-elected are set out in Appendix I to this circular.

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## LETTER FROM THE BOARD

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### GENERAL MANDATE TO REPURCHASE SHARES

At the Extraordinary General Meeting, an ordinary resolution was passed in relation to the granting of a general mandate to the Directors to repurchase Shares not exceeding 10% of the issued share capital of the Company as at that date ("Existing Repurchase Mandate").

The Existing Repurchase Mandate will expire upon the conclusion of the Annual General Meeting. The Directors consider that the Existing Repurchase Mandate increases the flexibility of the Board in managing the Company's affairs and is in the interests of the Shareholders, and that the same shall continue to be adopted by the Company.

A new general mandate to repurchase Shares representing up to 10% of the issued share capital of the Company as at the date of passing of such resolution as set out in Resolution 4.1 in the notice of the Annual General Meeting will be proposed at the Annual General Meeting ("New Repurchase Mandate").

With reference to the proposed New Repurchase Mandate, the Directors wish to state that they have no immediate plans to repurchase any Shares.

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed view on whether to vote for or against Resolution 4.1 to be proposed at the Annual General Meeting in relation to the New Repurchase Mandate is set out in Appendix II to this circular.

### REFRESHMENT OF THE SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME

The Share Option Scheme was adopted on 30th May 2002. Pursuant to the terms of the Share Option Scheme, among other things:

- (1) the overall limit on number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time ("Overall Limit");
- (2) the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme on 30th May 2002 ("Scheme Mandate Limit"); and
- (3) the Company may by ordinary resolution of the Shareholders refresh the Scheme Mandate Limit. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the limit. In this connection, options previously granted under the schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

Apart from the Share Option Scheme, the Company has no other share option scheme in effect as at the Latest Practicable Date.

The existing Scheme Mandate Limit of the Share Option Scheme is 121,787,040 Shares, being 10% of the Shares in issue as at the date of adoption of the Share Option Scheme on 30th May 2002. As at the Latest Practicable Date, options carrying rights to subscribe for a total of 61,736,000 Shares have been

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## LETTER FROM THE BOARD

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granted under the Share Option Scheme, 14,344,000 of which have been exercised, 1,782,000 of which have lapsed and 45,610,000 of which remain unexercised. Accordingly, 61,833,040 options, the underlying Shares of which represent approximately 1.88% of the existing issued share capital of the Company, are available to be granted under the Scheme Mandate Limit.

If the Scheme Mandate Limit is refreshed, on the basis of 3,290,579,361 Shares in issue as at the Latest Practicable Date and assuming that no Shares are issued or purchased by the Company prior to the Annual General Meeting, the Scheme Mandate Limit will be refreshed to 329,057,936 Shares and the Company will be allowed to grant further options under the Share Option Scheme and any other schemes of the Company carrying the rights to subscribe for a maximum of 329,057,936 Shares ("Refreshed Limit").

The purpose of the Share Option Scheme is to enable the Company to grant options to the Qualifying Grantees so as to attract and retain the best quality personnel for the development of the Company's businesses; to provide additional incentives to the Qualifying Grantees and to promote the long term financial success of the Company by aligning the interest of option holders to Shareholders. The Directors believe that the Share Option Scheme can provide Qualifying Grantees with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and the Shares. However, the effectiveness of the Scheme Mandate Limit has been significantly reduced as the issued share capital of the Company has substantially increased following the issue by the Company of new Shares, inter alia, 1,840,519,798 Shares pursuant to the acquisition announced on 18th April 2005 and 146,000,000 Shares pursuant to the top-up placement announced on 21st April 2005. As at the Latest Practicable Date, 61,833,040 options, the underlying Shares of which represent approximately 1.88% of the existing issued share capital of the Company, are available to be granted under the Scheme Mandate Limit. The Directors consider that the Share Option Scheme can better serve its intended purpose of benefiting the Group and the Shareholders if the Scheme Mandate Limit is refreshed. For these reasons, a resolution will be proposed at the Annual General Meeting for refreshing the Scheme Mandate Limit.

The refreshment of the Scheme Mandate Limit is conditional upon:

- a. the Shareholders passing an ordinary resolution to approve the Refreshed Limit in the Annual General Meeting; and
- b. the Stock Exchange granting the approval of the listing of and permission to deal in the Shares to be issued pursuant to the exercise of options under the Refreshed Limit.

Application will be made to the Stock Exchange for the approval of the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options under the Refreshed Limit.

### NOTICE OF ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out in the Annual Report sent to Shareholders on the same date as this circular. A proxy form for use at the Annual General Meeting is enclosed with the Annual Report. Whether or not you are able to attend the meeting, you are reminded to complete the proxy form in accordance with the instructions printed thereon and return it to the registered office of the Company at Room 1606, 16th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong as soon as possible and, in any event, so as to be received by the Company, not less than 48 hours before the time appointed for the holding of the meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting in person at the meeting if you so wish.

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## LETTER FROM THE BOARD

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### PROCEDURE FOR DEMANDING A POLL

According to Article 75 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded: (i) by the chairman of the meeting; or (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or (iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

### RECOMMENDATION

*The Directors consider that the re-election of Directors, the New Repurchase Mandate and the refreshment of the Scheme Mandate Limit are each in the best interests of the Company, and accordingly, recommend all Shareholders to vote in favour of such resolutions to be proposed at the Annual General Meeting.*

### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

### GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Dr. Lui Che Woo**  
*Chairman*

*The details of the Directors proposed for re-election at the Annual General Meeting are set out below:*

**Mr. Joseph Chee Ying Keung**, aged 48, joined the Group in 1982. He has been an executive director of the Company since April 2004 and is the Deputy Managing Director of the Construction Materials Division of the Company. In addition, he is a director of a number of subsidiaries of the Company.

Mr. Chee holds an International Master degree in Business Administration from the University of South Australia and a Bachelor degree in Mechanical Engineering from the University of Western Ontario in Canada. He is a fellow member of The Institute of Quarrying in the UK and has over 24 years of broad experience in the construction materials industry including operations and management, technical and quality assurance, environmental protection, commercial and strategic planning. He is currently the Chairman of Hong Kong Contract Quarry Association and a member of the Working Group on Construction Waste of the Provisional Construction Industry Co-ordination Board. He was the Chairman of The Institute of Quarrying in the UK (Hong Kong Branch) from 1998 to 2000.

Apart from being an executive director of the Company, Mr. Chee did not hold any directorship in any listed public companies in the past three years. He does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

Mr. Chee's service contract does not provide for a fixed length or proposed length of service with the Company. Mr. Chee is not appointed for a specific term but shall be subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association. His emoluments covered by the service contract comprise an annual package of HK\$2,161,350, a director's fee which will be proposed by the Board and approved by the Shareholders at the subsequent year's annual general meeting, discretionary share options and discretionary bonuses. A director's fee of HK\$80,000 for the year ended 31st December 2005 will be payable to Mr. Chee subject to the approval of the Shareholders at the Annual General Meeting. In addition, Mr. Chee was granted share options by the Company during the year ended 31st December 2005 pursuant to the Share Option Scheme, which entitle him to subscribe for 270,000 Shares at an exercise price of HK\$4.59 per Share, amounting to a share-based payment of HK\$126,900 being recognized as his staff cost in the profit and loss statement of the Company. His emoluments are determined by reference to his duties and responsibilities with the Company, the Company's performance and profitability, the Company's remuneration policy and the market benchmark.

As at the Latest Practicable Date, Mr. Chee has interests in 2,450,000 Shares and share options entitling him to subscribe for 270,000 Shares. Save as disclosed, Mr. Chee has no interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

To the best of the Directors' knowledge and belief and having made all reasonable enquiries, in relation to Mr. Chee's proposed re-election, there is no information that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.52(2) of the Listing Rules. Save as disclosed herein, the Board is not aware of any other matters that need to be brought to the attention of the Shareholders.

**Ms. Paddy Tang Lui Wai Yu, JP**, aged 52, joined the Group in 1980 and has been an executive director of the Company since August 1991. She is also an executive director of KWIH, a substantial shareholder of the Company, which is listed on the Stock Exchange. In addition, she is a director of a number of subsidiaries of the Company.

Ms. Tang holds a bachelor of commerce degree from the McGill University, Canada and is a member of The Institute of Chartered Accountants in England and Wales. She is a member of the Election Committee of the HKSAR. She is also a member of the Hong Kong Arts Development Council and a member of the Hong Kong Antiquities Advisory Board.

Save as disclosed above, Ms. Tang did not hold any directorship in any listed public companies in the past three years. Ms. Tang is a daughter of Dr. Lui and the elder sister of Mr. Francis Lui Yiu Tung, a director and the Deputy Chairman of the Company. She is also a direct or indirect discretionary beneficiary of the Trusts which are controlling shareholders of the Company. Save as disclosed, Ms. Tang does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

Ms. Tang has no service contract with the Company and there is no fixed length or proposed length of service with the Company. Ms. Tang is not appointed for a specific term but shall be subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association. The amount of emoluments payable to Ms. Tang comprises an annual director's fee which will be proposed by the Board and approved by the Shareholders at the subsequent year's annual general meeting, discretionary share options and discretionary bonuses. A director's fee of HK\$80,000 for the year ended 31st December 2005 will be payable to Ms. Tang subject to the approval of the Shareholders at the Annual General Meeting. In addition, Ms. Tang was granted share options by the Company during the year ended 31st December 2005 pursuant to the Share Option Scheme, which entitle her to subscribe for 3,400,000 Shares at an exercise price of HK\$4.59 per Share, amounting to a share-based payment of HK\$3,278,000 being recognized as her staff cost in the profit and loss statement of the Company. Her emoluments are determined by reference to her duties and responsibilities with the Company, the Company's performance and profitability, the Company's remuneration policy and the market benchmark.

As at the Latest Practicable Date, Ms. Tang has interests in 1,910,658,116 Shares (including deemed interests) and share options entitling her to subscribe for 3,400,000 Shares. Save as disclosed, Ms. Tang has no interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

To the best of the Directors' knowledge and belief and having made all reasonable enquiries, in relation to Ms. Tang's proposed re-election, there is no information that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.52(2) of the Listing Rules. Save as disclosed herein, the Board is not aware of any other matters that need to be brought to the attention of the Shareholders.

**Mr. Moses Cheng Mo Chi, GBS, OBE, JP**, aged 56, has been a non-executive director of the Company since August 1996. He is also an audit committee member of the Company. Save as disclosed, he does not hold any positions with the Company or any subsidiaries of the Company.

Mr. Cheng is the senior partner of P.C. Woo & Co., a Hong Kong firm of solicitors. He is the Founder Chairman of the Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. He is the Chairman of the Listing Committee of the Stock Exchange. He is a non-official member of the Executive Committee of the Commission on Strategic Development. He was a member of the Legislative Council of Hong Kong from 1991 to 1995.

Mr. Cheng is currently a director of Beijing Capital International Airport Company Limited, China COSCO Holdings Company Limited, China Mobile (Hong Kong) Limited, China Resources Enterprise, Limited, City Telecom (H.K.) Limited, Guangdong Investment Limited, Kader Holdings Company Limited, Liu Chong Hing Investment Limited, Shui On Construction and Materials Limited and Tian An China Investments Limited — all of which are listed on the Stock Exchange. He is also a director of ARA Asset Management (Singapore) Limited, the manager of the Fortune Real Estate Investment Trust which is listed on the Singapore Stock Exchange. He was previously a director of COL Capital Limited, Kingway Brewery Holdings Limited, Pokfulam Development Company Limited, Quality HealthCare Asia Limited and International Financial Network Holdings Ltd. — all of which are listed on the Stock Exchange. Save as disclosed, he did not hold any directorships in any listed public companies in the past three years.

Mr. Cheng is the senior partner of P.C. Woo & Co., a Hong Kong firm of solicitors, which provides legal services on normal commercial terms to certain companies controlled by Dr. Lui. Save as disclosed, he has no relationships with any directors, senior management or substantial or controlling shareholders of the Company.

Mr. Cheng has no service contract with the Company and there is no agreed length or proposed length of service with the Company. His existing term as director of the Company will expire at the Annual General Meeting and he shall be subject to retirement by rotation and be eligible for re-election. The amount of director's emoluments payable to Mr. Cheng comprises an annual director's fee and an annual audit committee member's fee which will be proposed by the Board and approved by the shareholders of the Company at the subsequent year's annual general meeting, and discretionary share options. A director's fee of HK\$80,000 and an audit committee member's fee of HK\$80,000 for the year ended 31st December 2005 will be payable to Mr. Cheng subject to the approval of the Shareholders at the Annual General Meeting. In addition, Mr. Cheng was granted share options by the Company during the year ended 31st December 2005 pursuant to the Share Option Scheme, which entitle him to subscribe for 200,000 Shares at an exercise price of HK\$4.59 per Share, amounting to a share-based payment of HK\$94,000 being recognized as his staff cost in the profit and loss statement of the Company. His emoluments are determined by reference to his duties and responsibilities with the Company, the Company's performance and profitability, the Company's remuneration policy and the market benchmark.

As at the Latest Practicable Date, Mr. Cheng has interests in share options entitling him to subscribe for 500,000 Shares. Save as disclosed, Mr. Cheng has no interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

To the best of the Directors' knowledge and belief and having made all reasonable enquiries, in relation to Mr. Cheng's proposed re-election, there is no information that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.52(2) of the Listing Rules. Save as disclosed herein, the Board is not aware of any other matters that need to be brought to the attention of the Shareholders.

*This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the Annual General Meeting in relation to the proposed repurchase mandate.*

**SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,290,579,361 Shares. As at the same date, there are outstanding share options granted under the Share Option Scheme and the share option scheme of the Company adopted on 10th September 1996 and expired on 9th September 2000 to subscribe for 53,508,000 Shares.

Subject to the passing of the resolution granting the proposed mandate to repurchase Shares and on the basis that no further Shares are issued (whether generally or pursuant to the exercise of the subscription rights attaching to the outstanding share options) or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 329,057,936 Shares during the period ending on the earliest of: (i) the conclusion of the next annual general meeting of the Company; or (ii) the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or by law; or (iii) the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

**REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and in circumstances where they consider that the Shares can be repurchased on terms favourable to the Company. On the basis of the consolidated financial position of the Company as at 31st December 2005, being the date to which the latest published audited accounts of the Company were made up, the Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, there might be a material adverse impact on the working capital position and gearing position of the Company. The Directors do not propose to exercise the mandate to repurchase Shares to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company as compared with the position disclosed in the latest published audited financial statements or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**FUNDING OF REPURCHASES**

Repurchases made pursuant to the proposed mandate to repurchase Shares would be funded out of funds legally available for the purpose in accordance with the Articles of Association and the Companies Ordinance.

**EFFECT OF THE TAKEOVERS CODE**

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code and Rule 6 of the Repurchase Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and would become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the Trusts, Lui Family Members and respective associate and companies controlled by them were interested in 1,721,247,500 Shares representing 52.31% of the issued share capital of the Company. KWIH, which is controlled by one of the Trusts, was interested in 614,984,047 Shares representing 18.69% of the issued share capital of the Company.

Based on the above shareholding interests, in the event that the power to repurchase Shares pursuant to the New Repurchase Mandate is exercised in full, and taking no account of the exercise of outstanding share options, the aggregate interests of the Trusts, KWIH, Lui Family Members and respective associates and companies controlled by them would be increased to approximately 78.89% of the issued share capital of the Company and the Shares held by the public will fall below 25% of the total number of Shares in issue. The Directors are not aware of any consequence which would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to exercise the New Repurchase Mandate which will result in the number of the Shares held by the public being reduced to less than 25%.

**SHARE PRICES**

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the past twelve months preceding the Latest Practicable Date:

Month	Highest (HK\$)	Lowest (HK\$)
<b>2005</b>		
April	11.000	6.450
May	7.600	5.300
June	6.350	5.500
July	5.750	4.475
August	6.150	5.100
September	6.150	5.200
October	5.450	3.550
November	4.575	3.900
December	4.600	3.900
<b>2006</b>		
January	5.300	4.250
February	5.450	4.875
March	7.000	4.950
April (up to the Latest Practicable Date)	7.800	6.550

**REPURCHASE OF SHARES**

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

**GENERAL**

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their associates currently intend to sell Shares to the Company or its subsidiaries.

No connected persons of the Company, as defined in the Listing Rules, have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so in the event that the Company is authorised to make repurchases of the Shares.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the proposed mandate to repurchase Shares in accordance with the Listing Rules and the applicable laws of Hong Kong.

**購回股份**

本公司於本通函日期前六個月內並無購回任何股份（無論是否在聯交所）。

**一般事項**

就董事所知及彼等於作出一切合理查詢後所知悉，董事及彼等之聯繫人士現時均無意向本公司或其附屬公司出售股份。

本公司之關連人士（定義見上市規則）概無知會本公司，彼等現時有意於本公司獲授權購回股份之情況下向本公司出售股份，亦無承諾不會作出此舉。

董事已向聯交所承諾，在有關承諾適用下，彼等將根據上市規則及香港適用法例之規定行使購回股份之建議授權。

## 收購守則之影響

倘因為購回股份，一名股東所佔本公司投票權之權益比例增加，則就收購守則第32條及購回守則第6條而言，該項權益增加將被視為一項收購事項。因此，視乎股東權益之增加幅度，一名股東或一群採取一致行動之股東可取得或鞏固本公司之控制權，並須根據收購守則第26條之規定提出強制性收購建議。

於最後實際可行日期，該等信託、呂氏家族成員及其各自之聯繫人士及受控制公司擁有1,721,247,500股股份（相當於本公司已發行股本的52.31%）之權益。由其中一項該等信託控制之嘉華國際擁有本公司614,984,047股股份（相當於本公司已發行股本的18.69%）之權益。

根據上述持股權益，倘董事根據新購回授權行使全部權力購回股份，且在並無計及行使尚未行使之認股權之情況下，該等信託、嘉華國際、呂氏家族成員及其各自之聯繫人士及受控制公司所持有之權益合計將增至本公司之已發行股本約78.89%，將導致公眾人士持有之股份少於已發行股份總數之25%。董事不知悉有任何情況會導致須根據收購守則第26條之規定提出強制性收購建議之責任。董事會現時無意行使新購回授權以致公眾人士持有之股份數目低於25%。

## 股份價格

下表顯示股份在最後實際可行日期前十二個月內每一個月在聯交所之最高及最低成交價：

月份	最高 (港幣)	最低 (港幣)
<b>二零零五年</b>		
四月	11.000	6.450
五月	7.600	5.300
六月	6.350	5.500
七月	5.750	4.475
八月	6.150	5.100
九月	6.150	5.200
十月	5.450	3.550
十一月	4.575	3.900
十二月	4.600	3.900
<b>二零零六年</b>		
一月	5.300	4.250
二月	5.450	4.875
三月	7.000	4.950
四月（截至最後實際可行日期止）	7.800	6.550

本附錄載有上市規則規定說明函件所須載列之資料，讓股東能在知情之情況下就投票贊成或反對將於股東週年大會上提呈關於建議購回授權之決議案作出決定。

## 股本

於最後實際可行日期，本公司之已發行股本包括3,290,579,361股股份。於同日，根據認股權計劃及本公司於一九九六年九月十日採納並於二零零零年九月九日屆滿的認股權計劃，已經授出且尚未行使之認股權可認購53,508,000股股份。

待授予購回股份之建議授權之決議案獲通過後，按於股東週年大會前並無進一步發行（不論為一般性或因行使尚未行使認股權所附之認購權而發行）或購回股份之基準計算，於截至(i)本公司下屆股東週年大會結束；或(ii)章程細則或法例規定本公司須舉行下屆股東週年大會之日，或(iii)股東於股東大會上以決議案撤銷或修改有關授權之日（以最早者為準）止之期間內，本公司可購回最多達329,057,936股股份。

## 進行購回之理由

董事相信，尋求股東授予一般授權以便本公司可於聯交所購回股份，乃符合本公司及股東之最佳利益。購回可提高本公司資產淨值及／或每股盈利，惟須視乎當時之市況及款項安排而定，並只可在董事認為購回將有利於本公司及股東時方會進行。

董事目前無意購回任何股份，且彼等僅會於彼等認為購回符合本公司之整體利益，及可以在對本公司有利之購回股份條款之情況下行使購回權力。根據本公司於二零零五年十二月三十一日（即本公司最近期刊發之經審核賬目之結算日）之綜合財務狀況所示，董事認為倘按現行之市價全面行使一般授權購回股份，或會對本公司之營運資金及資本負債比率造成重大不利影響。然而，倘行使購回授權對本公司之營運資金需求（相對於最近期刊發之經審核財務報表所披露之狀況）或董事不時認為本公司適宜具備之資本負債比率造成重大不利影響，則董事不擬在此情況下行使購回授權。

## 用以購回之款項

根據章程細則及公司條例之規定，根據購回股份之建議授權進行購回所需資金須由合法可作此用途之資金所提供。

鄭先生為一間香港律師事務所胡百全律師事務所之首席合夥人，該事務所按一般商業條款為呂博士控制之若干公司提供法律服務。除披露者外，其與本公司任何董事、高層管理人員或主要股東或控股股東概無任何關係。

鄭先生並無與本公司訂立服務合約，其服務本公司並無設定或擬定固定年期。鄭先生目前擔任本公司董事之任期，將於股東週年大會屆滿，並將須退任並可重選留任。鄭先生獲支付之董事酬金金額包括由董事會建議並經股東於隨後一屆股東週年大會上批准之年度董事袍金及審核委員會成員袍金，以及酌情認股權。如獲股東於股東週年大會上批准，鄭先生將獲支付港幣80,000元作為截至二零零五年十二月三十一日止年度之董事袍金及港幣80,000元作為同年度之審核委員會成員之袍金。此外，本公司於截至二零零五年十二月三十一日止年度內根據認股權計劃向鄭先生授出認股權，鄭先生據此有權按每股股份港幣4.59元之行使價認購200,000股股份，此等認股權之公平值合共港幣94,000元已在本公司損益表內列為其員工成本。彼之酬金乃參照其於本公司之職責及責任、本公司之表現及盈利、本公司之酬金政策以及市場基準而釐定。

於最後實際可行日期，鄭先生持有可認購500,000股股份之認股權之權益。除披露者外，鄭先生並沒有證券及期貨條例第XV部所指之任何股份權益。

據董事所知及所信及經作出一切合理查詢後，就鄭先生之建議重選留任事宜而言，概無任何須根據上市規則第13.52(2)條第(h)至(v)段之規定予以披露之資料。除本通函所披露者外，董事會並無獲悉任何其他事宜需要股東留意。

除上文所披露者外，鄧女士於過去三年內並無在其他上市公眾公司擔任任何董事職務。鄧女士為呂博士之女及本公司董事兼副主席呂耀東先生之姊。彼亦是作為本公司控股股東之該等信託之直接或間接可能受益人。除披露者外，鄧女士與本公司任何董事、高層管理人員或主要股東或控股股東概無任何關係。

鄧女士並無與本公司訂立服務合約，其服務本公司並無設定或擬定固定年期。鄧女士之委任並無特定任期，惟按照本公司之章程細則須於股東週年大會上退任並可重選留任。鄧女士獲支付之酬金金額包括由董事會建議並經股東於隨後一屆股東週年大會上批准之董事袍金、酌情認股權及酌情花紅。如獲股東於股東週年大會上批准，鄧女士將獲支付港幣80,000元作為截至二零零五年十二月三十一日止年度之董事袍金。此外，本公司於截至二零零五年十二月三十一日止年度內根據認股權計劃向鄧女士授出認股權，鄧女士據此有權按每股股份港幣4.59元之行使價認購3,400,000股股份，此等認股權之公平值合共港幣3,278,000元已在本公司損益表內列為其員工成本。彼之酬金乃參照其於本公司之職責及責任、本公司之表現及盈利、本公司之酬金政策以及市場基準而釐定。

於最後實際可行日期，鄧女士持有1,910,658,116股股份權益（包括被視為擁有之權益），並持有可認購3,400,000股股份之認股權之權益。除披露者外，鄧女士並沒有證券及期貨條例第XV部所指之任何股份權益。

據董事所知及所信及經作出一切合理查詢後，就鄧女士之建議重選留任事宜而言，概無任何須根據上市規則第13.52(2)條第(h)至(v)段之規定予以披露之資料。除本通函所披露者外，董事會並無獲悉任何其他事宜需要股東留意。

**鄭慕智先生，GBS，OBE，太平紳士**，五十六歲，於一九九六年八月起任本公司之非執行董事。彼亦是本公司審核委員會成員。除披露者外，彼並無擔任本公司或其任何附屬公司之任何職位。

鄭先生為一間香港律師事務所胡百全律師事務所之首席合夥人，亦為香港董事學會之創會主席，現為該會之榮譽會長及主席。彼為聯交所上市委員會主席。鄭先生為策略發展委員會之行政委員會非官方委員。彼於一九九一年至一九九五年曾任香港立法局議員。

鄭先生現任北京首都國際機場股份有限公司、中國遠洋控股股份有限公司、中國移動(香港)有限公司、華潤創業有限公司、城市電訊(香港)有限公司、粵海投資有限公司、Kader Holdings Company Limited、廖創興企業有限公司、瑞安建業有限公司及天安中國投資有限公司(全部均為聯交所上市公司)之董事。彼亦為ARA Asset Management (Singapore) Limited之董事，該公司為在新加坡證交所上市之Fortune Real Estate Investment Trust之管理人。彼曾任中國網絡資本有限公司、金威啤酒集團有限公司、博富臨置業有限公司、卓健亞洲有限公司及國際金融社控股有限公司(全部均為聯交所上市公司)之董事。除披露者外，彼於過去三年內並無在任何上市公眾公司擔任任何董事職務。

擬於股東週年大會上重選留任之董事之詳細資料載列如下：

**徐應強先生**，四十八歲，於一九八二年加入本集團，於二零零四年四月起任本公司之執行董事，現任本公司建材部副董事總經理。此外，彼擔任本公司多間附屬公司之董事。

徐先生持有澳洲國立南澳大學頒發之國際工商管理碩士學位及加拿大西安大略大學頒發之機械工程學士學位。彼為英國礦業學會之資深會員，在建材業擁有逾二十四年經驗，覆蓋營運、管理、技術及質量保證、環境保護、商業及策略計劃多個範疇。彼現時為香港合約石礦商會之主席及臨時建造業統籌委員會建築廢物工作小組之成員。彼於一九九八年至二零零零年期間曾出任英國礦業學會（香港分會）之主席。

除出任本公司之執行董事外，徐先生於過去三年內並無在其他上市公眾公司擔任任何董事職務。其與本公司任何董事、高層管理人員或主要股東或控股股東概無任何關係。

徐先生之服務合約並無設定或擬定服務本公司之固定年期。徐先生之委任並無特定任期，惟按照本公司之章程細則須於股東週年大會上退任並可重選留任。服務合約涵蓋之酬金包括年度薪酬港幣2,161,350元、將由董事會建議並經股東於隨後一屆股東週年大會上批准之董事袍金、酌情認股權及酌情花紅。如獲股東於股東週年大會上批准，徐先生將獲支付港幣80,000元作為截至二零零五年十二月三十一日止年度之董事袍金。此外，本公司於截至二零零五年十二月三十一日止年度內根據認股權計劃向徐先生授出認股權，徐先生據此有權按每股股份港幣4.59元之行使價認購270,000股股份，此等認股權之公平值合共港幣126,900元已在本公司損益表內列為其員工成本。彼之酬金乃參照其於本公司之職責及責任、本公司之表現及盈利、本公司之酬金政策以及市場基準而釐定。

於最後實際可行日期，徐先生持有2,450,000股股份權益，並持有可認購270,000股股份之認股權之權益。除披露者外，徐先生並沒有證券及期貨條例第XV部所指之任何股份權益。

據董事所知及所信及經作出一切合理查詢後，就徐先生之建議重選留任事宜而言，概無任何須根據上市規則第13.52(2)條第(h)至(v)段之規定予以披露之資料。除本通函所披露者外，董事會並無獲悉任何其他事宜需要股東留意。

**鄧呂慧瑜女士，太平紳士**，五十二歲，於一九八零年加入本集團，並於一九九一年八月起任本公司之執行董事。彼亦為本公司主要股東嘉華國際（聯交所上市公司）之執行董事。鄧女士亦是本公司多間附屬公司之董事。

鄧女士持有加拿大麥基爾大學之商業學士學位，並為英格蘭及威爾斯特許會計師學會會員。鄧女士為香港特別行政區選舉委員會委員，並為香港藝術發展局成員及香港古物諮詢委員會委員。

### 要求以投票方式進行表決之程序

根據章程細則第七十五條，於任何股東大會上，除非：(i)大會主席；或(ii)最少三名當時有權於大會上投票而親身(或倘股東為法團，由其正式授權代表)或委派代表出席之股東；或(iii)佔所有有權於大會上投票之股東之總投票權不少於十分之一而親身(或倘股東為法團，由其正式授權代表)或委派代表出席之股東；或(iv)持有附有權利可於大會投票之股份(已繳足股款相當於該等附有權利可於大會投票之股份之繳足股款總額不少於十分之一)而親身(或倘股東為法團，由其正式授權代表)或委派代表出席之股東要求以投票表決(於宣佈舉手表決之結果前或當時或撤回其他投票表決之要求時提出)，否則提呈大會之決議案應以舉手表決之方式通過。

### 推薦意見

董事認為重選董事、新購回授權及更新計劃授權限額均符合本公司之最佳利益，故此建議全體股東投票贊成將於股東週年大會上提呈之該等決議案。

### 責任聲明

本通函乃遵照上市規則的規定提供有關本公司的資料。董事願就本通函所載資料的準確性共同及個別承擔全部責任，並於作出一切合理查詢後確認，就彼等所深知及確信，本通函並無遺漏任何其他事實，致使本通函所載任何聲明有誤導成份。

### 一般資料

本通函各附錄載有其他資料，敬希垂注。

此致

諸位股東 台照

代表董事會  
主席  
**呂志和博士**  
謹啟

二零零六年四月二十八日

認購合共61,736,000股股份之認股權，其中14,344,000份認股權已經行使、1,782,000份已經失效及45,610,000份尚未行使。故此，根據計劃授權限額可授出之認股權共有61,833,040份，其相關股份相當於本公司現有已發行股本約1.88%。

倘計劃授權限額獲更新，根據於最後實際可行日期之已發行股份3,290,579,361股計算，並假設本公司在股東週年大會前沒有發行或購回股份，則計劃授權限額將予更新至329,057,936股股份，而本公司將獲准根據認股權計劃及本公司任何其他計劃，再行授出賦予權利認購329,057,936股股份之認股權（「更新限額」）。

認股權計劃旨在讓本公司向合資格承授人授出認股權，以吸引及挽留最優秀之人才，協力發展本公司之業務；向合資格承授人提供額外激勵，並透過令認股權持有人之利益與股東之利益一致，促進本公司長遠達致財政上之成功。董事相信，認股權計劃可為合資格承授人提供機會收購本公司之股本權益，並鼓勵彼等致力工作提升本公司及股份之價值。然而，在本公司發行新股（其中包括根據二零零五年四月十八日公佈之收購事項發行1,840,519,798股股份及根據二零零五年四月二十一日公佈之先舊後新配售發行146,000,000股股份）後，本公司之已發行股本已大幅增加，故計劃授權限額之有效性已大為降低。於最後實際可行日期，根據計劃授權限額可授出之認股權共有61,833,040份，其相關股份相當於本公司現有已發行股本約1.88%。董事認為，倘更新計劃授權限額，則認股權計劃更能達致本身對本集團及股東有利之原意。基於此等原因，股東週年大會上將提呈一項決議案，以更新計劃授權限額。

更新計劃授權限額事宜須待下列條件達成，方可作實：

- a. 股東在股東週年大會上通過普通決議案批准更新限額；及
- b. 聯交所批准因更新限額項下之認股權獲行使而予發行之股份上市及買賣。

本公司將會向聯交所申請批准因認股權根據更新限額獲行使而予發行之股份上市及買賣。

### 股東週年大會通告

召開股東週年大會之通告載於與本通函同日寄發予股東之年報內。年報隨附股東週年大會適用之代表委任表格。不論閣下能否出席大會，務請按照印備之指示填妥代表委任表格，並盡快於大會指定舉行時間最少48小時前交回本公司註冊辦事處，地址為香港中環夏慤道10號和記大廈16樓1606室。閣下填妥及交回代表委任表格後，仍可依願親身出席大會及於會上投票。

### 購回股份之一般授權

本公司已於股東特別大會上通過一項普通決議案，該決議案為有關授予董事購回不多於截至該日本公司已發行股本10%之股份之一般授權（「現有購回授權」）。

現有購回授權將於股東週年大會結束之時屆滿。董事認為現有購回授權增加董事會處理本公司事務之靈活性，並符合股東之利益，而本公司應繼續採納該項授權。

本公司將於股東週年大會上提呈一項新一般授權，以按照股東週年大會通告內第4.1項決議案所載購回最多佔截至該決議案通過當日本公司已發行股本10%之股份（「新購回授權」）。

關於該項建議新購回授權，董事謹此表明彼等並無即時計劃購回任何股份。

本通函附錄二收錄一份說明函件，其載有上市規則規定之資料，讓股東能在知情之情況下，決定投票贊成或反對將於股東週年大會上提呈關於新購回授權之第4.1項決議案。

### 更新認股權計劃之計劃授權限額

本公司於二零零二年五月三十日採納認股權計劃。根據認股權計劃之條款，其中包括：

- (1) 根據認股權計劃及本公司任何其他計劃授出及尚未行使之認股權在悉數行使時可予發行之股份總限額，不得超過不時已發行股份之30%（「主要限額」）；
- (2) 根據認股權計劃及本公司任何其他計劃授出之認股權在悉數行使時可予發行之股份總數，不得超過二零零二年五月三十日採納認股權計劃當日之已發行股份之10%（「計劃授權限額」）；及
- (3) 本公司可由股東通過普通決議案更新計劃授權限額。然而，經更新限額後根據本公司所有計劃授出之認股權在悉數行使時可予發行之股份總數，不得超過批准該限額當日已發行股份之10%。就此而言，先前根據各計劃授出之認股權（包括未行使、已註銷、已根據計劃失效或已行使之認股權），在計算經更新限額時將不會計算在內。

除認股權計劃外，於最後實際可行日期，本公司並無其他生效之認股權計劃。

認股權計劃現時之計劃授權限額為121,787,040股股份，即二零零二年五月三十日採納認股權計劃當日之已發行股份之10%。於最後實際可行日期，已根據認股權計劃授出賦予權利



**GALAXY ENTERTAINMENT GROUP LIMITED**  
**銀河娛樂集團有限公司**

(於香港註冊成立之有限公司)  
(股份代號：27)

**執行董事：**

呂志和博士，GBS，MBE，太平紳士，LLD，DSSc (主席)  
呂耀東 (副主席)  
陳啟能  
徐應強  
羅志聰  
鄧呂慧瑜，太平紳士

**註冊辦事處：**

香港  
中環  
夏慤道10號  
和記大廈  
16樓1606室

**非執行董事：**

張惠彬博士，太平紳士\*  
鄭慕智，GBS，OBE，太平紳士  
顏志宏\*  
葉樹林博士，LLD\*

\* 獨立非執行董事

敬啟者：

**重選董事、  
購回股份之一般授權及  
更新認股權計劃之計劃授權限額之建議**

**緒言**

本通函旨在向閣下提供有關在股東週年大會上提呈之決議案之資料。該等決議案為有關(i)重選董事；(ii)授予董事購回最多佔該決議案通過當日之本公司已發行股本10%之股份之一般授權；及(iii)更新計劃授權限額。

**重選董事**

根據章程細則第一百零六(甲)條，徐應強先生、鄧呂慧瑜女士及鄭慕智先生須於股東週年大會上輪席告退，惟表示如再度獲選，願繼續留任。

擬重選留任之董事之詳細資料載於本通函之附錄一內。

## 釋 義

「上市規則」	指	聯交所證券上市規則
「呂氏家族成員」	指	家族成員包括呂博士、其配偶及子女
「合資格承授人」	指	本公司或任何聯屬公司的任何僱員或任何專家顧問、代理、代表或專業顧問；或向本公司或任何聯屬公司提供貨品或服務之任何人士；或本公司或任何聯屬公司之任何客戶或承辦商；或本公司或任何聯屬公司之任何業務夥伴或合營夥伴；或任何為僱員福利而設之信託之任何受託人
「購回守則」	指	香港股份購回守則
「計劃授權限額」	指	本通函董事會函件「更新認股權計劃之計劃授權限額」一節所賦予之涵義
「證券及期貨條例」	指	香港法例第五百七十一章證券及期貨條例
「認股權計劃」	指	本公司於二零零二年五月三十日舉行之股東週年大會採納之認股權計劃
「股份」	指	本公司股本中每股面值港幣0.10元之股份
「股東」	指	股份之持有人
「聯交所」	指	香港聯合交易所有限公司
「收購守則」	指	香港公司收購及合併守則
「該等信託」	指	呂博士以創立人身份成立之兩項呂氏家族全權信託
「港幣」	指	香港法定貨幣港元
「%」	指	百分比

於本通函內，除非文義另有所指，否則下列詞彙將具有以下涵義：

「聯屬公司」	指	(a)本公司之控股公司；或(b)本公司控股公司之附屬公司；或(c)本公司之附屬公司；或(d)本公司之控股股東；或(e)本公司控股股東所控制之公司；或(f)本公司所控制之公司；或(g)本公司控股公司之聯營公司；或(h)本公司之聯營公司
「股東週年大會」	指	本公司將於二零零六年六月二十九日上午十一時正假座香港中環金鐘道88號萬豪酒店3樓宴會廳召開之股東週年大會
「年報」	指	本公司截至二零零五年十二月三十一日止年度之年報
「細則」	指	章程細則內之細則
「章程細則」	指	本公司之組織章程細則
「聯繫人士」	指	具有上市規則所賦予之涵義
「董事會」	指	董事會
「公司條例」	指	香港法例第三十二章公司條例
「本公司」	指	銀河娛樂集團有限公司，於香港註冊成立之有限公司，其股份在聯交所主板上市
「關連人士」	指	具有上市規則所賦予之涵義
「董事」	指	本公司之董事
「呂博士」	指	本公司董事兼主席呂志和博士
「僱員」	指	本公司或任何聯屬公司所僱用之任何人士(不論全職或兼職)及任何擔任本公司或任何聯屬公司之高級管理人員或董事(不論是執行或非執行)之人士
「股東特別大會」	指	本公司於二零零五年十月十二日舉行之股東特別大會
「香港」	指	中華人民共和國香港特別行政區
「嘉華國際」	指	嘉華國際集團有限公司，於百慕達註冊成立之獲豁免有限公司，其股份在聯交所主板上市，並為本公司之主要股東
「最後實際可行日期」	指	二零零六年四月二十四日，即本通函付印前就確定其中若干資料之最後實際可行日期

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## 此 乃 要 件    請 即 處 理

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香港聯合交易所有限公司對本通函之內容概不負責，對其準確性或完整性亦無發表任何聲明，並明確表示，概不對因本通函全部或任何部分內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。

**閣下如**對本通函任何內容或應採取之行動**有任何疑問**，應諮詢 閣下之股票經紀或其他註冊證券交易商、銀行經理、律師、專業會計師或其他專業顧問。

**閣下如已售出或轉讓**所有名下之銀河娛樂集團有限公司股份，應立即將本通函送交買主或承讓人，或經手買賣或轉讓之銀行、股票經紀或其他代理商，以便轉交買主或承讓人。

本通函應連同隨附截至二零零五年十二月三十一日止年度之年報一併閱讀。

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# **GALAXY ENTERTAINMENT GROUP LIMITED** **銀 河 娛 樂 集 團 有 限 公 司**

(於香港註冊成立之有限公司)

(股份代號：27)

**重 選 董 事 、  
購 回 股 份 之 一 般 授 權  
及  
更 新 認 股 權 計 劃 之 計 劃 授 權 限 額 之 建 議**

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二零零六年四月二十八日

South China Morning Post

23 February 2006



**GALAXY ENTERTAINMENT GROUP LIMITED**

**銀河娛樂集團有限公司**

*(incorporated in Hong Kong with limited liability)*

**Stock Code: 27**

**CHANGE OF REGISTERED OFFICE**

The board of directors of Galaxy Entertainment Group Limited (the "Company") announces that the registered office of the Company has been changed to Room 1606, 16th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong with effect from 22 February 2006.

By Order of the Board  
**Kitty Chan Lai Kit**  
Company Secretary

Hong Kong, 22 February 2006

*As at the date of this announcement, the executive directors are Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mr. Chan Kai Nang, Mr. Joseph Chee Ying Keung, Mr. William Lo Chi Chung and Ms. Paddy Tang Lui Wai Yu; the non-executive director is Mr. Moses Cheng Mo Chi; and the independent non-executive directors are Dr. Charles Cheung Wai Bun, Mr. James Ross Ancell and Dr. William Yip Shue Lam.*

# 香港經濟日報

2006年2月23日



**GALAXY ENTERTAINMENT GROUP LIMITED**

**銀河娛樂集團有限公司**

(於香港註冊成立之有限公司)

股份代號：27

## 註冊辦事處地址之變更

銀河娛樂集團有限公司(「本公司」)董事會宣佈，本公司之註冊辦事處地址已由二零零六年二月二十二日起更改為香港中環夏慤道10號和記大廈16樓1606室。

承董事會命  
公司秘書  
陳麗潔

香港，二零零六年二月二十二日

於本公佈日期，執行董事為呂志和博士、呂耀東先生、陳啟能先生、徐應強先生、羅志聰先生及鄧呂慧瑜女士，非執行董事為鄭基智先生，獨立非執行董事為張惠彬博士、顏志宏先生及葉樹林博士。



## GALAXY ENTERTAINMENT GROUP LIMITED

銀河娛樂集團有限公司

(incorporated in Hong Kong with limited liability)

Stock Code: 27

### Disclosure under Rule 13.09(1) of the Listing Rules Amendment to the terms of the Series 'B' Fixed Rate Notes

Financial adviser

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

The directors of the Company are pleased to announce that the members of the Lui Family who hold Series 'B' FRNs have agreed to amend terms of their Series 'B' FRNs, the outstanding principal of which is HK\$2,371,805,067, amongst other things to:

- Extend the maturity date from 21 August 2006 by more than two years to 30 September 2008;
- Reduce the interest rate from the last applicable stepping-up rate of 9% to a fixed rate of 6% per annum compounded annually; and
- If the Company issues shares or debts convertible into shares, the Company is no longer required to apply the net proceeds of such issuance, after repaying the Series 'A' FRNs, in or towards repayment of the Series 'B' FRNs, but may do so at its discretion.

Details of the amendments to the Series 'B' FRNs are summarised below.

The amendments to the Series 'B' FRNs constitute financial assistance provided to the Company by members of the Lui Family, who are connected persons under the Listing Rules. Such financial assistance, which is provided on an unsecured basis and on normal commercial terms or better, is exempt from reporting, announcement and independent shareholders' approval requirements by Rule 14A.65(4) of the Listing Rules. The directors of the Company consider that, given the materiality of the Series 'B' FRNs and the favourable amendments to their terms, the information is necessary for the Company's shareholders and the public generally to appraise the position of the Company.

#### AMENDMENT TO THE TERMS OF THE SERIES 'B' FRNS

##### Introduction

On 22 July 2005, on completion of its acquisition of a 97.9% economic interest in Galaxy Casino, the Company issued, as part of the acquisition consideration, FRNs in the total amount of HK\$2,544,239,603, of which HK\$172,434,536 are Series 'A' FRNs, and HK\$2,371,805,067 are Series 'B' FRNs. City Lion Profits Corp. and Recurrent Profits Limited, which are Lui Family members, hold all the Series 'B' FRNs.

On 14 January 2006, the Company agreed with the above members of the Lui Family to amend the terms of the Series 'B' FRNs as regards interest, maturity and early repayment.

##### Original terms of the Series 'B' FRNs

The principal terms of the Series 'B' FRNs on issue, which are identical in all respects to the Series 'A' FRNs, except that Series 'A' FRNs have priority as to repayment, are summarized as follows:

- Tenor:** Unless previously redeemed, the Series 'B' FRNs will be repaid on 21 August 2006 (being thirteen months after the date of their issue).
- Interest:** For the first month following their issue, the Series 'B' FRNs were interest free and thereafter the interest rate was to be 6% per annum for the second to fourth month of their issue, increasing by 1% for each successive three months period, so that the interest rate per annum increases successively from 7% to 8%, and finally 9% per annum. Interest is payable at the end of each three month period, the first interest payment being on 21 November 2005.

- Early repayment:** At the option of the Company, the FRNs can be repaid early but if before their redemption, the Company issues shares or debts which are convertible into shares (other than shares issued under an employee share option scheme or under an obligation existing as at 14 March 2005), it is required to use all the net proceeds to repay the FRNs. Repayments, in all situations, are to be made to the holders of the Series 'A' FRNs in priority before repayment of the Series 'B' FRNs. After all the Series 'A' FRNs are repaid in full, the net proceeds must

the city club casinos from now to 2009 is estimated to be not less than HK\$7,000 million. Galaxy Casino has completed its US\$600 million fixed and floating rate notes issuance on 15 December 2005.

Under the amendments, maturity, interest payment, and repayment of Series 'B' FRNs are now aligned with the cashflow of the Company from the Galaxy StarWorld and the theme casino in phase 1 of the Galaxy Cotal Mega Resort upon their full operation by 2008. Reducing interest to 6% per annum and deferring final repayment of principal and interest payment to 30 September 2008 improve the Company's borrowing cost. Series 'B' FRNs, following the amendments, will no longer be classified as a short-term liability in the consolidated financial statements of the Company.

The amendments are on favourable terms to the Company. The Company is no longer required to apply the funds raised from equity or equity-convertible debt issuance (after expenses and repaying the Series 'A' FRNs) in or towards repayment of the Series 'B' FRNs, but may do so at its discretion. The Lui Family is also entitled to effectively capitalize amount owing on their Series 'B' FRNs if they do participate in such issuance. This fully reflects the Lui Family's support to the Company's gaming and hospitality business in Macau and their full faith on the prospect of the Company.

The amendments to the Series 'B' FRNs improve the borrowing cost, capital profile, and gearing ratio and give the board of directors of the Company flexibility in managing the finance of the Group. The directors of the Company, including the independent non-executive directors, are unanimous that these amendments and the amended Series 'B' FRNs are on normal commercial terms or better so far as the Company is concerned and are in the interests of the Company and its shareholders as a whole.

##### DIRECTORS

At the date of this announcement, the executive directors of the Company are Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mr. Chan Kai Nang, Mr. Joseph Chee Ying Keung, Mr. William Lo Chi Chung and Ms. Paddy Tang Lui Wai Yu; the non-executive director of the Company is Mr. Moses Cheng Mo Chi; and the independent non-executive directors of the Company are Dr. Charles Cheung Wai Bun, Mr. James Ross Ancell and Dr. William Yip Shue Lam.

By order of the Board of  
Galaxy Entertainment Group Limited

# Original terms of the Series 'B' FRNs

The principal terms of the Series 'B' FRNs on issue, which are identical in all respects to the Series 'A' FRNs, except that Series 'A' FRNs have priority as to repayment, are summarized as follows:

- Tenor:** Unless previously redeemed, the Series 'B' FRNs will be repaid on 21 August 2006 (being thirteen months from the date of their issue).
- Interest:** For the first month following their issue, the Series 'B' FRNs were interest free and thereafter the interest rate was to be 6% per annum for the second to fourth month of their issue, increasing by 1% for each successive three months period, so that the interest rate per annum increases successively from 7% to 8%, and finally 9% per annum. Interest is payable at the end of each three month period, the first interest payment being on 21 November 2005.
- Early repayment:** At the option of the Company, the FRNs can be repaid early but if before their redemption, the Company issues shares or debts which are convertible into shares (other than shares issued under an employee share option scheme or under an obligation existing as at 14 March 2005), it is required to use all the net proceeds to repay the FRNs. Repayments, in all situations, are to be made to the holders of the Series 'A' FRNs in priority before repayment of the Series 'B' FRNs. After all the Series 'A' FRNs are repaid in full, the net proceeds must be used to repay the Series 'B' FRNs.
- Default:** In the event of default, the holders of FRNs can by giving notice require the Company to accelerate the repayment of their FRNs, together with all accrued interest. Repayments are to be made in priority to the holders of the Series 'A' FRNs. No repayments of the Series 'B' FRNs are to be made until all the Series 'A' FRNs are repaid in full.
- Default interest:** A rate of 12% per annum.

## Amended terms

The following principal terms of the Series 'B' FRNs have been amended:

- Tenor:** The Series 'B' FRNs are repayable on 30 September 2008.
- Interest:** Interest on the outstanding principal is fixed at 6% per annum which is cumulative and compounded annually, and will only be payable when the Series 'B' FRNs are repaid, or on maturity, whichever is earlier. If the Company declares dividends to its shareholders before redemption of the Series 'B' FRNs, then all interest accrued up to the date its Board declares the dividends shall first be paid before the Company pays dividends to its shareholders. Interest will accrue from 14 January 2006 until full repayment or final maturity of the Series 'B' FRNs on 30 September 2008.
- Early repayment:** Subject to the priority of Series 'A' FRNs, if the Company issues shares or debts convertible into shares before FRNs redemption (other than shares issued under an employee share option scheme or under an obligation existing as at 14 March 2005), the Company is no longer required to apply the net proceeds of such share or convertible debt issuance, after repaying the Series 'A' FRNs, in or towards repayment of the Series 'B' FRNs, but may do so at its discretion. Series 'B' FRNs holders are entitled to effectively capitalize the amount of principal and interest owing on their Series 'B' FRNs through participating in such issuance, and any amount capitalized will be treated as redeemed. Any such participation will be subject to the Listing Rules.

All other terms of the Series 'B' FRNs remain unchanged. All interest accrued on the Series 'B' FRNs at 13 January 2006 has been paid.

## Series 'A' FRNs

The terms of the Series 'A' FRNs remain unchanged. The principal outstanding of the Series 'A' FRNs, as of the date of this announcement, is HK\$172,434,536.

## Reasons for the amendments

The Group is actively developing its gaming and hospitality business in Macau. Key gaming and hospitality investments in Macau include Galaxy Casino's proprietary projects at the Galaxy StarWorld and the flagship project Galaxy Cotai Mega Resort, in addition to the three city club casinos, details of all of which are contained in the joint circular by the Company and K. Wah International Holdings Limited dated 30 June 2005. Total capital investment on these projects and

The amendments are on favourable terms to the Company. The Company is no longer required to apply the funds raised from equity or equity-convertible debt issuance (after expenses and repaying the Series 'A' FRNs) in or towards repayment of the Series 'B' FRNs, but may do so at its discretion. The Lui Family is also entitled to effectively capitalize amount owing on their Series 'B' FRNs if they do participate in such issuance. This fully reflects the Lui Family's support to the Company's gaming and hospitality business in Macau and their full faith on the prospect of the Company.

The amendments to the Series 'B' FRNs improve the borrowing cost, capital profile, and gearing ratio and give the board of directors of the Company flexibility in managing the finance of the Group. The directors of the Company, including the independent non-executive directors, are unanimous that these amendments and the amended Series 'B' FRNs are on normal commercial terms or better so far as the Company is concerned and are in the interests of the Company and its shareholders as a whole.

## DIRECTORS

At the date of this announcement, the executive directors of the Company are Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mr. Chan Kai Nang, Mr. Joseph Chee Ying Keung, Mr. William Lo Chi Chung and Ms. Paddy Tang Lui Wai Yu; the non-executive director of the Company is Mr. Moses Cheng Mo Chi; and the independent non-executive directors of the Company are Dr. Charles Cheung Wai Bun, Mr. James Ross Ancell and Dr. William Yip Shue-Lam.

By order of the Board of  
Galaxy Entertainment Group Limited  
Kitty Chan Lai Kit  
Company Secretary

Hong Kong, 16 January 2006

## DEFINITIONS

In this announcement, the following terms have the following meanings unless the context requires otherwise.

- the "Company" Galaxy Entertainment Group Limited  
銀河娛樂集團有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange.
- "FRNs" Unsecured fixed rate notes, comprising both Series 'A' and Series 'B' FRNs, issued by the Company on 22 July 2005 as part of the purchase consideration for a 97.9% economic interest in Galaxy Casino, which notes have at the date of this announcement an outstanding principal amount of HK\$2,544,239,603.
- "Galaxy Casino" Galaxy Casino, S.A., a subsidiary of the Company incorporated in Macau in which the Company is interested in 88.1% of the voting shares carrying 97.9% of the economic interest and holder of one of three gaming concessions in Macau.
- the "Group" The Company and its subsidiaries.
- "independent third party" or "independent third parties" A person or persons who is or are independent of any director, chief executive or substantial shareholder of any member of the Group or any of their respective associates, as defined by the Listing Rules.
- "Listing Rules" The Rules Governing the Listing of Securities on the Stock Exchange.
- "Lui Family" Dr. Lui Che Woo, the chairman of the Company, his children and their respective associates and companies controlled by them and any discretionary trust established of which any of them is a beneficiary.
- "Macau" The Macau Special Administrative Region of The People's Republic of China.
- "Series 'A' FRNs" The FRNs with an outstanding principal amount of HK\$172,434,536, all of which are held (as to HK\$85,771,245) by Brightwealth Investments Limited (an independent third party) and (as to HK\$86,663,291) by Future Leader Management Limited, which is ultimately beneficially owned by Mr. Pedro Ho (a director of Galaxy Casino).
- "Series 'B' FRNs" The FRNs with an outstanding principal amount of HK\$2,371,805,067, all of which are held by members of the Lui Family.
- "share(s)" Share(s) of HK\$0.10 each in the capital of the Company.
- "shareholders" Holders of shares.
- "Stock Exchange" The Stock Exchange of Hong Kong Limited.



# GALAXY ENTERTAINMENT GROUP LIMITED

## 銀河娛樂集團有限公司

(於香港註冊成立之有限公司)

股份代號：27

### 根據上市規則第13.09(1)條規定作出披露 修訂B系列定息票據條款

財務顧問

美高  
財務顧問有限公司

本公司董事欣然宣布，呂氏家族成員（持有B系列定息票據）已同意修訂彼等的B系列定息票據的條款，該等票據的未償還本金為2,371,805,067港元，其中包括：

- 將到期日由二零零六年八月二十一日延長超過兩年，至二零零八年九月三十日；
- 使最後適用的9%遞增年利率調減至6%之劃一年利率，以複息每年計算；及
- 倘本公司發行股份或可轉換為股份的債券，所得款項淨額償還A系列定息票據後，本公司不再被規定贖回B系列定息票據，惟本公司可酌情贖回。

B系列定息票據的修訂的條款詳情概述於本公布。

B系列定息票據的修訂構成由呂氏家族成員向本公司提供的財務資助，前者根據上市規則屬關連人士。該財務資助乃按無抵押基準及正常商業條款或更佳條款提供，乃根據上市規則第14A.65(4)條，獲豁免遵守申報、公告及獨立股東批准的規定。本公司董事認為，基於B系列定息票據的重要性，以及修訂條款有利，故本公司股東及整體公眾有必要知悉有關資料，以評估本公司的狀況。

#### 修訂B系列定息票據條款

##### 緒言

於二零零五年七月二十二日，完成收購銀河娛樂場的97.9%經濟權益後，本公司發行總額2,544,239,603港元的定息票據，作為收購代價的一部分。總額當中172,434,536港元為A系列定息票據，2,371,805,067港元為B系列定息票據。City Lion Profits Corp. 及 Recurrent Profits Limited（乃呂氏家族成員）持有所有B系列定息票據。

於二零零六年一月十四日，本公司與上述呂氏家族成員同意修訂B系列定息票據有關利息、到期日及提早償還的條款。

##### B系列定息票據的原有條款

發行B系列定息票據的主要條款現概述如下。除了A系列定息票據是優先獲得償還外，該等主要條款在各方面均與A系列定息票據相同：

**年期：** 除非先前已獲贖回，否則B系列定息票據將於二零零六年八月二十一日（即發行日之後第十三個月）償還。

**利息：** 發行後第一個月，B系列定息票據為不計利息。發行後第二至第四個月的年利率為6%，其後接續的每三個月將會增加1%年利率，由7%遞增至8%，最終增至9%。利息於每段三個月期間終結時支付，首次支付利息日期為二零零五年十一月二十一日。

**提早償還：** 倘若本公司選擇，定息票據可提早償還，惟倘若在贖回前，本公司發行股份或可轉換為股份的債券（根據僱員認股權計劃或於二零零五年三月十四日存在的責任發行的股份除外），則所得款項淨額，必須全用以償還定息票據。在所有情況下，A系列定息票據持有人優先獲得償還後，方可就B系列定息票據作出償還。全數償還所有A系列定息票據後，所得款項淨額必須

公司於二零零五年六月三十日發出的聯合通函內。由目前至二零零九年，該等項目及城市俱樂部娛樂場的總資本投資估計不少於70億港元。銀河娛樂場已於二零零五年十二月十五日完成發行6億美元的定息及浮息票據。

由於星際酒店及銀河路氹城大型娛樂渡假中心第一期的主題娛樂場於二零零八年全面投入營運，故在是次修訂下，B系列定息票據的到期日、利息還款及償還已按上述兩者的現金流量作出調節。利息減至年利率6%，以及將本金的最後還款期及利息支付日期，延至二零零八年九月三十日，此舉將改善本公司的借貸成本。修訂後，B系列定息票據在本公司的綜合財務報表將不再被分類為短期負債。

修訂條款對本公司有利。本公司於發行股份或可轉換為股份的債券所得資金中（經扣除費用及償還A系列定息票據後），不再被規定贖回B系列定息票據，惟本公司可酌情贖回。此外，倘呂氏家族成員參與該等發行，彼等有權實際上將其B系列定息票據結欠的金額資本化。此舉充份表示呂氏家族成員對本公司在澳門經營博彩及旅遊業務的全力支持，以及對其前景信心十足。

修訂B系列定息票據改善借貸成本、資本組合及資產負債比率，亦讓本公司董事會得以靈活管理本集團的財政。本公司董事（包括獨立非執行董事）一致認為該等修訂及經修訂後的B系列定息票據對本公司而言屬正常商業條款或更佳條款，且符合本公司及其股東整體利益。

##### 董事

於本公布日期，本公司執行董事為呂志和博士、呂耀東先生、陳啟能先生、徐應強先生、羅志聰先生及鄧呂慧瑜女士；本公司非執行董事為鄭慕智先生；而本公司獨立非執行董事為張惠彬博士、顏志宏先生及葉樹林博士。

為收購代價的一部分。總額當中172,434,536港元為A系列定息票據，2,371,805,067港元為B系列定息票據。City Lion Profits Corp. 及 Recurrent Profits Limited (乃呂氏家族成員) 持有所有B系列定息票據。

於二零零六年一月十四日，本公司與上述呂氏家族成員同意修訂B系列定息票據有關利息、到期日及提早償還的條款。

#### B系列定息票據的原有條款

發行B系列定息票據的主要條款現概述如下。除了A系列定息票據是優先獲得償還外，該等主要條款在各方面均與A系列定息票據相同：

**年期：** 除非先前已獲贖回，否則B系列定息票據將於二零零六年八月二十一日（即發行日之後第十三個月）償還。

**利息：** 發行後第一個月，B系列定息票據為不計利息。發行後第二至第四個月的年利率為6%，其後接續的每三個月將會增加1%年利率，由7%遞增至8%，最終增至9%。利息於每段三個月期間終結時支付，首次支付利息日期為二零零五年十一月二十一日。

**提早償還：** 倘若本公司選擇，定息票據可提早償還，惟倘若在贖回前，本公司發行股份或可轉換為股份的債券（根據僱員認股權計劃或於二零零五年三月十四日存在的責任發行的股份除外），則所得款項淨額，必須全用以償還定息票據。在所有情況下，A系列定息票據持有人優先獲得償還後，方可就B系列定息票據作出償還。全數償還所有A系列定息票據後，所得款項淨額必須用以償還B系列定息票據。

**違約：** 倘出現違約事件，定息票據持有人可發出通知，要求本公司加快償還定息票據，連同所有應計利息。A系列定息票據持有人可優先獲得償還。全數償還所有A系列定息票據後，方可償還B系列定息票據。

**違約利息：** 每年12%。

#### 修訂後條款

下列B系列定息票據主要條款已經修訂：

**年期：** B系列定息票據將於二零零八年九月三十日償還。

**利息：** 未償還本金的年利率固定為6%，屬累計利息，並以複息每年計算，當B系列定息票據獲償還或到期時（以較早者為準）方予支付。倘若本公司於贖回B系列定息票據前向其股東宣派股息，則截至其董事會宣派股息日期為止所有應計利息須先支付，本公司方可向其股東支付股息。利息由二零零六年一月十四日起應計，直至全數償還B系列定息票據或B系列定息票據於二零零八年九月三十日最後到期日為止。

**提早償還：** 在A系列定息票據優先獲得償還的規限下，倘若本公司於贖回定息票據前發行股份或可轉換為股份的債券（根據僱員認股權計劃或於二零零五年三月十四日存在的責任發行的股份除外），本公司在動用發行股份或可轉換為股份的債券之所得款項淨額償還A系列定息票據後，不再被規定贖回B系列定息票據，惟本公司可酌情贖回。B系列定息票據持有人實際上可透過參與該等發行，有權將其B系列定息票據結欠的本金及利息資本化，而資本化的任何金額將作為已贖回處理。參與任何該等發行須符合上市規則的規定。

B系列定息票據的所有其他條款保持不變。B系列定息票據應計至二零零六年一月十三日的所有利息均已支付。

#### A系列定息票據

A系列定息票據的條款保持不變。於本公布日期，A系列定息票據的未償還本金為172,434,536港元。

#### 修訂的理由

本集團目前正於澳門積極拓展旗下博彩及旅遊業務。於澳門的主要博彩及旅遊投資除了三個城市俱樂部娛樂場外，亦包括銀河娛樂場獨有位於星際酒店的項目及銀河路氹城大型娛樂渡假中心旗艦項目，有關詳情全部載於本公司與嘉華國際集團有限

由於星際酒店及銀河路氹城大型娛樂渡假中心第一期的主題娛樂場於二零零八年全面投入營運，故在是次修訂下，B系列定息票據的到期日、利息還款及償還已按上述兩者的現金流量作出調節。利息減至年利率6%，以及將本金的最後還款期及利息支付日期，延至二零零八年九月三十日，此舉將改善本公司的借貸成本。修訂後，B系列定息票據在本公司的綜合財務報表將不再被分類為短期負債。

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修訂B系列定息票據改善借貸成本、資本組合及資產負債比率，亦讓本公司董事會得以靈活管理本集團的財政。本公司董事（包括獨立非執行董事）一致認為該等修訂及經修訂後的B系列定息票據對本公司而言屬正常商業條款或更佳條款，且符合本公司及其股東整體利益。

#### 董事

於本公布日期，本公司執行董事為呂志和博士、呂耀東先生、陳啟能先生、徐應強先生、羅志聰先生及鄧呂慧瑜女士；本公司非執行董事為鄭慕智先生；而本公司獨立非執行董事為張惠彬博士、顏志宏先生及葉樹林博士。

承董事會命  
銀河娛樂集團有限公司  
公司秘書  
陳麗潔

香港，二零零六年一月十六日

#### 釋義

除文義另有規定者外，在本公布內，下列詞彙具有以下涵義。

「本公司」 指 銀河娛樂集團有限公司，一間於香港註冊成立的有限公司，其股份於聯交所主板上市。

「定息票據」 指 無抵押定息票據，包括本公司於二零零五年七月二十二日發行的A系列及B系列定息票據，以作為收購銀河娛樂場97.9%經濟權益的部分收購代價；於本公布日期，該等票據的未償還本金額為2,544,239,603港元。

「銀河娛樂場」 指 銀河娛樂場股份有限公司，本公司一間於澳門註冊成立的附屬公司，本公司擁有其88.1%有投票權股份（附有97.9%經濟權益），其持有澳門三項博彩批給之一。

「本集團」 指 本公司及其附屬公司。

「獨立第三方」 指 獨立於本集團任何成員公司任何董事、行政總裁或主要股東或彼等各自的任何聯繫人（定義見上市規則）的人士。

「上市規則」 指 聯交所證券上市規則。

「呂氏家族成員」 指 本公司主席呂志和博士、其子女及彼等各自的聯繫人及由彼等所控制的公司，以及彼等任何一方作為受益人而成立的任何全權受託基金。

「澳門」 指 中華人民共和國澳門特別行政區。

「A系列定息票據」 指 未償還本金額為172,434,536港元的定息票據，全部均由一獨立第三方Brightwealth Investments Limited (85,771,245港元) 及 Future Leader Management Limited (86,663,291港元) 持有，而後者則由何安全先生（銀河娛樂場的董事）最終實益擁有。

「B系列定息票據」 指 未償還本金額為2,371,805,067港元的定息票據，全部均由呂氏家族成員持有。

「股份」 指 本公司股本中每股面值0.10港元的股份。

「股東」 指 股份持有人。

「聯交所」 指 香港聯合交易所有限公司。



# GALAXY ENTERTAINMENT GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 27)

## ANNOUNCEMENT

GCSA, a subsidiary of the Company, which holds the Concession awarded by the Macau Government to operate casinos in Macau, published its financial information in Macau on 26 April 2006. Such financial information of GCSA is provided below.

This announcement is made by Galaxy Entertainment Group Limited (the "Company") in compliance with the disclosure requirements of Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited to provide shareholders of the Company with financial information of a subsidiary which was published in Macau on 26 April 2006.

Galaxy Casino, S.A. ("GCSA") is a subsidiary of the Company, which is incorporated in Macau and holds one of only three gaming concessions (the "Concession") awarded by the Macau Government to operate casinos in Macau. The Company indirectly holds 88.1% of the voting shares carrying 97.9% of the economic interest in GCSA. Under the terms of the Concession, GCSA is required to publish its annual audited financial results in one Chinese language newspaper and in one Portuguese language newspaper circulating in Macau as well as in the Official Gazette of Macau.

As GCSA became a subsidiary of the Company on 22 July 2005 (being the date of completion of the acquisition of GCSA by the Company), the audited financial results of GCSA for the period from 22 July 2005 to 31 December 2005 prepared under Hong Kong Financial Reporting Standards were already included in the audited consolidated results of the Group for the year ended 31 December 2005 announced on 11 April 2006. The Directors of the Company consider that, given the materiality of GCSA as a principal subsidiary of the Company, the full-year audited financial results of GCSA for the year ended 31 December 2005 are necessary for the shareholders of the Company and the public generally to appraise the position of the Company.

An extract of the audited financial statements of GCSA for the year ended 31 December 2005 prepared in accordance with accounting principles as set out in Section 2 of Chapter 1 of Macao Commercial Code and the Macao Official Plan of Accounting under Decree Law No. 34/83 translated into English, which was published in Macau on 26 April 2006 in Chinese and Portuguese, is set out below. The accounting principles adopted in the preparation of these financial statements are different from those adopted by the Group under the Hong Kong Financial Reporting Standards.

### GALAXY CASINO, S.A. CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2005

	MOP'000
<b>ASSETS</b>	
Current assets	
Cash on hand	148,468
Cash at bank	4,949,539
	<u>5,098,007</u>
Short-term receivables	
Time deposits	266,928
Other receivables	6,577
	<u>273,505</u>
Inventories	
Consumable goods	2,255
	<u>2,255</u>
Capital assets	
Investments	51,500
Tangible fixed assets	56,048
Intangible assets	2,507
Assets under construction	1,008,715
	<u>1,118,770</u>
Accumulated amortisation and depreciation	(14,251)
	<u>1,104,519</u>
Prepaid expenses	
Other prepayments	98,859
Deferred expenditure	156,026
	<u>254,885</u>
<b>Total assets</b>	<u>6,735,171</u>
<b>LIABILITIES</b>	
Current liabilities	
Trade creditors	340,175
Short-term borrowings	128,750
Other payables	465,352
Provision for special gaming tax and funds to the Government	121,968
	<u>1,056,245</u>
Long term liabilities	
Notes payable	4,820,400
Other payables	93
	<u>4,820,493</u>
<b>Total liabilities</b>	<u>5,876,738</u>
<b>EQUITY</b>	
Share capital and reserves	
Share capital	951,800
Accumulated losses	(99,671)
	<u>852,129</u>
Profit for the year	6,204
<b>Total equity</b>	<u>858,433</u>
<b>Total equity and liabilities</b>	<u>6,735,171</u>

### GALAXY CASINO, S.A. CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2005

	MOP'000
<b>Revenues</b>	
Gaming and other related revenues	3,987,619
Interest income	22,335
Other revenue	5,387
<b>Total revenues</b>	<u>4,015,341</u>
<b>Expenses</b>	
Special gaming tax and funds to the Government	(1,574,398)
Other expenses to third parties	(2,059,334)
Staff costs	(333,947)
Finance costs	(30,097)
Amortisation and depreciation	(9,415)
<b>Total expenses</b>	<u>(4,007,191)</u>
<b>Operating profit</b>	<u>8,150</u>
Other operating expenses	(1,946)
<b>Profit before income tax</b>	<u>6,204</u>
Income tax expenses	—
<b>Profit for the year</b>	<u>6,204</u>

### GALAXY CASINO, S.A. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2005

	MOP'000
<b>Cash flows from operating activities</b>	
Cash used in operations	(134,523)
Interest paid	(15,911)
Interest element of finance lease rental payments	(63)
<b>Net cash used in operating activities</b>	<u>(150,497)</u>
<b>Cash flows from investing activities</b>	
Purchases of tangible fixed assets	(7,665)
Purchases of assets under construction	(607,090)
Purchases of intangible assets	(265)
Increase in time deposits	(5,749)
Interest received	22,335
<b>Net cash used in investing activities</b>	<u>(598,434)</u>
<b>Cash flows from financing activities</b>	
Proceeds from issuance of new shares	751,900
Proceeds from issuance of notes payable	4,820,400
Issue cost for notes payable	(159,263)
Decrease in loan from immediate holding company	(200,859)
New borrowings	51,500
Repayment of borrowings	(249,260)
Capital element of finance lease payments	(225)
<b>Net cash from financing activities</b>	<u>5,014,193</u>
<b>Net increase in cash and bank balances</b>	<u>4,265,262</u>
Cash and bank balances at beginning of the year	832,745
<b>Cash and bank balances at end of the year</b>	<u>5,098,007</u>

### GENERAL

Shareholders should note that the above financial information pertains only to GCSA and not to the Company itself.

### DIRECTORS

At the date of this announcement, the executive directors of the Company are Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mr. Chan Kai Nang, Mr. Joseph Chee Ying Keung, Mr. William Lo Chi Chung, and Ms. Paddy Tang Lai Wai Yu; the non-executive director of the Company is Mr. Moses Cheng Mo Chi; and the independent non-executive directors of the Company are Dr. Charles Cheung Wai Bun, Mr. James Ross Ancell and Dr. William Yip Shue Lary.

By Order of the Board of  
Galaxy Entertainment Group Limited  
Kitty Chan Lai Kit  
Company Secretary

Hong Kong, 26 April 2006



# GALAXY ENTERTAINMENT GROUP LIMITED

## 銀河娛樂集團有限公司

(於香港註冊成立之有限公司)

(股份代號: 27)

### 公 布

本公司旗下一家附屬公司銀河娛樂場持有澳門政府批給，可於澳門經營娛樂場，其財務資料已於二零零六年四月二十六日在澳門刊發。該等銀河娛樂場財務資料載於下文。

本公司乃銀河娛樂集團有限公司（「本公司」）遵照香港聯合交易所有限公司證券上市規則第13.09(1)條之披露規定刊發，以向本公司股東提供一家附屬公司於二零零六年四月二十六日在澳門刊發的財務資料。

銀河娛樂場股份有限公司（「銀河娛樂場」）為本公司旗下一家於澳門註冊成立之附屬公司，持有澳門政府批出之博彩批給（「批給」）可於澳門經營娛樂場的唯一三家公司之一。本公司間接擁有銀河娛樂場88.1%投票權（附有97.9%經濟權益）。根據批給條款，銀河娛樂場須在澳門發行的一份中文報章及一份葡文報章，以及澳門特別行政區公報刊登其年度經審核財務業績。

由於銀河娛樂場於二零零五年七月二十二日（即本公司完成收購銀河娛樂場當日）成為本公司附屬公司，銀河娛樂場自二零零五年七月二十二日至二零零五年十二月三十一日期間根據香港財務報告準則編製的經審核財務業績已載入本集團於二零零六年四月十一日公布的截至二零零五年十二月三十一日止年度之經審核綜合業績。本公司董事認為，鑑於銀河娛樂場作為本公司主要附屬公司的重要性，銀河娛樂場截至二零零五年十二月三十一日止年度的全年經審核財務業績對本公司股東及一般公眾人士評估本公司狀況實屬必要。

以下為根據澳門商法典第一卷第三篇所載的會計原則及法令38/83/M頒佈之澳門公定會計所定之會計原則編製之銀河娛樂場截至二零零五年十二月三十一日止年度之經審核財務報告摘要，已於二零零六年四月二十六日在澳門以中文及葡文刊發。編製該等財務報告之會計準則與本集團根據香港財務報告準則所採納者有別。

#### 銀河娛樂場股份有限公司

#### 綜合資產負債表

二零零五年十二月三十一日結算

	澳門幣(千元)
資產	
流動資產	
現金	148,468
活期存款	4,949,539
	5,098,007
短期債權	
定期存款	266,928
其他應收款	6,577
	273,505
存貨	
耗用物料	2,255
資本資產	
財務投資	51,500
有形資產	56,048
無形資產	2,507
在建中資產	1,008,715
	1,118,770
攤折及重置累積	(14,251)
	1,104,519
預付費用	
其他預付款	98,859
遞延費用	158,026
	256,885
資產總額	6,735,171
負債	
短期債務	
供應商	340,175
銀行借款	128,750
其他債權人	465,352
應付政府公共事務款項	121,968
	1,056,245
長期債務	
應付票據	4,820,400
其他債權人	93
	4,820,493
負債總額	5,876,738
資本	
資本及各項儲備	
股本	951,900
累積損益	(99,671)
	852,229
本年度收益	6,204
資本總額	858,433
負債及資本總額	6,735,171

#### 銀河娛樂場股份有限公司

#### 綜合損益表

截至二零零五年十二月三十一日止年度

	澳門幣(千元)
收益	
博彩及有關收益	3,987,619
利息收入	22,335
其他收入	5,387
收益總額	4,015,341
費用	
博彩特別稅及相關稅項	(1,574,398)
由第三者作出的供應及提供的勞務	(2,059,334)
人事費用	(333,947)
財務費用	(30,097)
攤折及重置	(9,415)
費用總額	(4,007,191)
本年度營運收益	8,150
其他經營費用	(1,946)
本年度收益	6,204
所得補充稅	—
除稅後收益	6,204

#### 銀河娛樂場股份有限公司

#### 綜合現金流量表

截至二零零五年十二月三十一日止年度

	澳門幣(千元)
營運活動的現金流量	
營運所用的現金	(134,523)
已付利息	(15,911)
財務租賃的利息	(63)
營運活動所用的淨現金	(150,497)
投資活動的現金流量	
購入有形資產	(7,665)
購入在建工程	(607,090)
購入無形資產	(265)
定期存款增加	(5,749)
已收利息	22,335
投資活動所用淨現金	(598,434)
融資活動的現金流量	
發行普通股所得款	751,900
發行票據所得款	4,820,400
發行票據費用	(159,263)
償還直接控股公司借貸	(200,859)
借貸所得款	51,500
償還貸款	(249,260)
財務租賃之資本部份	(225)
融資活動產生的淨現金	5,014,193
現金及現金等價物淨增加	4,265,262
年初現金及現金等價物	832,745
年終現金及現金等價物	5,098,007

#### 一般資料

股東務請垂注，上述財務資料僅關於銀河娛樂場而並非本公司本身。

#### 董事

於本公布日期，本公司執行董事為呂志和博士、呂耀東先生、陳啟能先生、徐德強先生、譚志聰先生及鄧呂慧瑜女士；本公司非執行董事為鄭惠智先生；而本公司獨立非執行董事為張惠彬博士、顏志宏先生及葉樹林博士。

承董事會命  
銀河娛樂集團有限公司  
公司秘書  
陳麗潔

香港，二零零六年四月二十六日



(Stock Code : 27)

## CONSOLIDATED BALANCE SHEET

the purchase consideration, such differences were recognised in the profit and loss statement in the year of acquisition or over the weighted average useful life of those non-monetary assets acquired. As a result of this change, the Group's consolidated financial

liability-for-sale financial assets	10,000	10,000
152.375		152.375

other entities	304,130	(133,533)	248,243
companies	18,650		18,650
off-sale financial			

•

	2005	2004
<b>ASSETS</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>		
Investment properties	1,224,505	466,863
Leasehold land and land use rights	63,000	65,500
Intangible assets	1,638,620	254,645
Jointly controlled entities	16,494,369	—
Goodwill	279,442	248,200
Other non-current assets	35,483	18,650
Available-for-sale financial assets	479,019	152,375
Other non-current assets	256,509	—
	<b>20,235,774</b>	<b>1,462,804</b>

<b>Current assets</b>		
Inventories	86,871	93,175
Debtors and prepayments	926,428	681,497
Tax recoverable	1,039	1,938
Other investments	69,495	1,217
Share investments	5,086,214	170,932
Cash and bank balances	6,152,147	951,779
	<b>12,221,174</b>	<b>1,840,638</b>

<b>Total assets</b>	<b>32,456,948</b>	<b>3,303,442</b>
<b>EQUITY</b>		
Share capital	329,058	129,648
Reserves	14,603,396	1,205,616
	<b>14,932,454</b>	<b>1,334,664</b>
Shareholders' funds	14,932,454	1,425,264
Minority interests	491,910	39,025
	<b>15,424,364</b>	<b>1,464,289</b>

<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	4,634,365	311,580
Deferred taxation liabilities	1,778,323	13,884
Negative goodwill	144,380	180,873
Provisions	6,586,246	506,473
	<b>13,143,314</b>	<b>912,810</b>

<b>Current liabilities</b>		
Creditors and accruals	1,452,047	432,425
Current portion of borrowings	2,943,808	10,100
Taxation payable	1,439	1,396
	<b>4,397,311</b>	<b>443,921</b>

<b>Total liabilities</b>	<b>17,840,675</b>	<b>1,356,731</b>
<b>Total equity and liabilities</b>	<b>32,456,948</b>	<b>3,303,442</b>

# NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation  
The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) issued by the Hong Kong Institute of Certified Public Accountants under the oversight of the Hong Kong Accounting Council. The accounting policies used in the preparation of the financial statements are consistent with those used in the financial statements for the year ended 31st December 2004, except that the Group has changed certain of its accounting policies after the adoption of the following new and revised Hong Kong Accounting Standards, which are effective for accounting periods commencing on or after 1st January 2005 and relevant to the operations of the Group:

## 2. Changes in Accounting Policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the financial statements for the year ended 31st December 2004, except that the Group has changed certain of its accounting policies after the adoption of the following new and revised Hong Kong Accounting Standards, which are effective for accounting periods commencing on or after 1st January 2005 and relevant to the operations of the Group:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 3	Financial Instruments: Recognition and Measurement
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	Financial Instruments: Recognition and Measurement
HKAS 22	Related Party Disclosures
HKAS 23	Investments in Associates
HKAS 24	Financial Instruments: Disclosures and Presentation
HKAS 25	Financial Instruments: Disclosures and Presentation
HKAS 26	Financial Instruments: Disclosures and Presentation
HKAS 27	Financial Instruments: Disclosures and Presentation
HKAS 28	Financial Instruments: Disclosures and Presentation
HKAS 29	Financial Instruments: Disclosures and Presentation
HKAS 30	Financial Instruments: Disclosures and Presentation
HKAS 31	Financial Instruments: Disclosures and Presentation
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Financial Instruments: Disclosures and Presentation
HKAS 34	Financial Instruments: Disclosures and Presentation
HKAS 35	Financial Instruments: Disclosures and Presentation
HKAS 36	Financial Instruments: Disclosures and Presentation
HKAS 37	Financial Instruments: Disclosures and Presentation
HKAS 38	Financial Instruments: Disclosures and Presentation
HKAS 39	Financial Instruments: Disclosures and Presentation

accounting policy of provision for environmental restoration and its related asset. Any changes in the measurement of provision for environmental restoration were added to or deducted from its related assets. The provision for environmental restoration is added to or deducted from the profit and loss statement as a financing cost or income. In previous years, cost of the asset related to the provision for environmental restoration was recognized in the profit and loss statement as a financing cost or income. The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. In previous years, the grant of share options to employees was not recognized as an expense in the profit and loss statement. The Group has applied the transitional provision. As at the outstanding share options at 31st December 2004 had vested on or before 31st January 2005, a prior year adjustment is not required.

All changes in the accounting policies are applied. As a result, the 2004 comparative figures have also been restated. The effects of all the changes in accounting policies are summarized in notes (a) and (b) below.

(a) Impact on 2005 financial statements

The following tables set out the increase/decrease of the relevant headings in the consolidated profit and loss statement for the financial year ended 31st December 2005 following the adoption of new HKFRSs:

(b) Consolidated profit and loss statement

	HKAS 1	HKAS 2	HKAS 3	HKAS 4	HKAS 5	HKAS 6	HKAS 7	HKAS 8	HKAS 9	HKAS 10	HKAS 11	HKAS 12	HKAS 13	HKAS 14	HKAS 15	HKAS 16	HKAS 17	HKAS 18	HKAS 19	HKAS 20	HKAS 21	HKAS 22	HKAS 23	HKAS 24	HKAS 25	HKAS 26	HKAS 27	HKAS 28	HKAS 29	HKAS 30	HKAS 31	HKAS 32	HKAS 33	HKAS 34	HKAS 35	HKAS 36	HKAS 37	HKAS 38	HKAS 39	HKAS 40	HKAS 41	HKAS 42	HKAS 43	HKAS 44	HKAS 45	HKAS 46	HKAS 47	HKAS 48	HKAS 49	HKAS 50	HKAS 51	HKAS 52	HKAS 53	HKAS 54	HKAS 55	HKAS 56	HKAS 57	HKAS 58	HKAS 59	HKAS 60	HKAS 61	HKAS 62	HKAS 63	HKAS 64	HKAS 65	HKAS 66	HKAS 67	HKAS 68	HKAS 69	HKAS 70	HKAS 71	HKAS 72	HKAS 73	HKAS 74	HKAS 75	HKAS 76	HKAS 77	HKAS 78	HKAS 79	HKAS 80	HKAS 81	HKAS 82	HKAS 83	HKAS 84	HKAS 85	HKAS 86	HKAS 87	HKAS 88	HKAS 89	HKAS 90	HKAS 91	HKAS 92	HKAS 93	HKAS 94	HKAS 95	HKAS 96	HKAS 97	HKAS 98	HKAS 99	HKAS 100	HKAS 101	HKAS 102	HKAS 103	HKAS 104	HKAS 105	HKAS 106	HKAS 107	HKAS 108	HKAS 109	HKAS 110	HKAS 111	HKAS 112	HKAS 113	HKAS 114	HKAS 115	HKAS 116	HKAS 117	HKAS 118	HKAS 119	HKAS 120	HKAS 121	HKAS 122	HKAS 123	HKAS 124	HKAS 125	HKAS 126	HKAS 127	HKAS 128	HKAS 129	HKAS 130	HKAS 131	HKAS 132	HKAS 133	HKAS 134	HKAS 135	HKAS 136	HKAS 137	HKAS 138	HKAS 139	HKAS 140	HKAS 141	HKAS 142	HKAS 143	HKAS 144	HKAS 145	HKAS 146	HKAS 147	HKAS 148	HKAS 149	HKAS 150	HKAS 151	HKAS 152	HKAS 153	HKAS 154	HKAS 155	HKAS 156	HKAS 157	HKAS 158	HKAS 159	HKAS 160	HKAS 161	HKAS 162	HKAS 163	HKAS 164	HKAS 165	HKAS 166	HKAS 167	HKAS 168	HKAS 169	HKAS 170	HKAS 171	HKAS 172	HKAS 173	HKAS 174	HKAS 175	HKAS 176	HKAS 177	HKAS 178	HKAS 179	HKAS 180	HKAS 181	HKAS 182	HKAS 183	HKAS 184	HKAS 185	HKAS 186	HKAS 187	HKAS 188	HKAS 189	HKAS 190	HKAS 191	HKAS 192	HKAS 193	HKAS 194	HKAS 195	HKAS 196	HKAS 197	HKAS 198	HKAS 199	HKAS 200	HKAS 201	HKAS 202	HKAS 203	HKAS 204	HKAS 205	HKAS 206	HKAS 207	HKAS 208	HKAS 209	HKAS 210	HKAS 211	HKAS 212	HKAS 213	HKAS 214	HKAS 215	HKAS 216	HKAS 217	HKAS 218	HKAS 219	HKAS 220	HKAS 221	HKAS 222	HKAS 223	HKAS 224	HKAS 225	HKAS 226	HKAS 227	HKAS 228	HKAS 229	HKAS 230	HKAS 231	HKAS 232	HKAS 233	HKAS 234	HKAS 235	HKAS 236	HKAS 237	HKAS 238	HKAS 239	HKAS 240	HKAS 241	HKAS 242	HKAS 243	HKAS 244	HKAS 245	HKAS 246	HKAS 247	HKAS 248	HKAS 249	HKAS 250	HKAS 251	HKAS 252	HKAS 253	HKAS 254	HKAS 255	HKAS 256	HKAS 257	HKAS 258	HKAS 259	HKAS 260	HKAS 261	HKAS 262	HKAS 263	HKAS 264	HKAS 265	HKAS 266	HKAS 267	HKAS 268	HKAS 269	HKAS 270	HKAS 271	HKAS 272	HKAS 273	HKAS 274	HKAS 275	HKAS 276	HKAS 277	HKAS 278	HKAS 279	HKAS 280	HKAS 281	HKAS 282	HKAS 283	HKAS 284	HKAS 285	HKAS 286	HKAS 287	HKAS 288	HKAS 289	HKAS 290	HKAS 291	HKAS 292	HKAS 293	HKAS 294	HKAS 295	HKAS 296	HKAS 297	HKAS 298	HKAS 299	HKAS 300	HKAS 301	HKAS 302	HKAS 303	HKAS 304	HKAS 305	HKAS 306	HKAS 307	HKAS 308	HKAS 309	HKAS 310	HKAS 311	HKAS 312	HKAS 313	HKAS 314	HKAS 315	HKAS 316	HKAS 317	HKAS 318	HKAS 319	HKAS 320	HKAS 321	HKAS 322	HKAS 323	HKAS 324	HKAS 325	HKAS 326	HKAS 327	HKAS 328	HKAS 329	HKAS 330	HKAS 331	HKAS 332	HKAS 333	HKAS 334	HKAS 335	HKAS 336	HKAS 337	HKAS 338	HKAS 339	HKAS 340	HKAS 341	HKAS 342	HKAS 343	HKAS 344	HKAS 345	HKAS 346	HKAS 347	HKAS 348	HKAS 349	HKAS 350	HKAS 351	HKAS 352	HKAS 353	HKAS 354	HKAS 355	HKAS 356	HKAS 357	HKAS 358	HKAS 359	HKAS 360	HKAS 361	HKAS 362	HKAS 363	HKAS 364	HKAS 365	HKAS 366	HKAS 367	HKAS 368	HKAS 369	HKAS 370	HKAS 371	HKAS 372	HKAS 373	HKAS 374	HKAS 375	HKAS 376	HKAS 377	HKAS 378	HKAS 379	HKAS 380	HKAS 381	HKAS 382	HKAS 383	HKAS 384	HKAS 385	HKAS 386	HKAS 387	HKAS 388	HKAS 389	HKAS 390	HKAS 391	HKAS 392	HKAS 393	HKAS 394	HKAS 395	HKAS 396	HKAS 397	HKAS 398	HKAS 399	HKAS 400	HKAS 401	HKAS 402	HKAS 403	HKAS 404	HKAS 405	HKAS 406	HKAS 407	HKAS 408	HKAS 409	HKAS 410	HKAS 411	HKAS 412	HKAS 413	HKAS 414	HKAS 415	HKAS 416	HKAS 417	HKAS 418	HKAS 419	HKAS 420	HKAS 421	HKAS 422	HKAS 423	HKAS 424	HKAS 425	HKAS 426	HKAS 427	HKAS 428	HKAS 429	HKAS 430	HKAS 431	HKAS 432	HKAS 433	HKAS 434	HKAS 435	HKAS 436	HKAS 437	HKAS 438	HKAS 439	HKAS 440	HKAS 441	HKAS 442	HKAS 443	HKAS 444	HKAS 445	HKAS 446	HKAS 447	HKAS 448	HKAS 449	HKAS 450	HKAS 451	HKAS 452	HKAS 453	HKAS 454	HKAS 455	HKAS 456	HKAS 457	HKAS 458	HKAS 459	HKAS 460	HKAS 461	HKAS 462	HKAS 463	HKAS 464	HKAS 465	HKAS 466	HKAS 467	HKAS 468	HKAS 469	HKAS 470	HKAS 471	HKAS 472	HKAS 473	HKAS 474	HKAS 475	HKAS 476	HKAS 477	HKAS 478	HKAS 479	HKAS 480	HKAS 481	HKAS 482	HKAS 483	HKAS 484	HKAS 485	HKAS 486	HKAS 487	HKAS 488	HKAS 489	HKAS 490	HKAS 491	HKAS 492	HKAS 493	HKAS 494	HKAS 495	HKAS 496	HKAS 497	HKAS 498	HKAS 499	HKAS 500	HKAS 501	HKAS 502	HKAS 503	HKAS 504	HKAS 505	HKAS 506	HKAS 507	HKAS 508	HKAS 509	HKAS 510	HKAS 511	HKAS 512	HKAS 513	HKAS 514	HKAS 515	HKAS 516	HKAS 517	HKAS 518	HKAS 519	HKAS 520	HKAS 521	HKAS 522	HKAS 523	HKAS 524	HKAS 525	HKAS 526	HKAS 527	HKAS 528	HKAS 529	HKAS 530	HKAS 531	HKAS 532	HKAS 533	HKAS 534	HKAS 535	HKAS 536	HKAS 537	HKAS 538	HKAS 539	HKAS 540	HKAS 541	HKAS 542	HKAS 543	HKAS 544	HKAS 545	HKAS 546	HKAS 547	HKAS 548	HKAS 549	HKAS 550	HKAS 551	HKAS 552	HKAS 553	HKAS 554	HKAS 555	HKAS 556	HKAS 557	HKAS 558	HKAS 559	HKAS 560	HKAS 561	HKAS 562	HKAS 563	HKAS 564	HKAS 565	HKAS 566	HKAS 567	HKAS 568	HKAS 569	HKAS 570	HKAS 571	HKAS 572	HKAS 573	HKAS 574	HKAS 575	HKAS 576	HKAS 577	HKAS 578	HKAS 579	HKAS 580	HKAS 581	HKAS 582	HKAS 583	HKAS 584	HKAS 585	HKAS 586	HKAS 587	HKAS 588	HKAS 589	HKAS 590	HKAS 591	HKAS 592	HKAS 593	HKAS 594	HKAS 595	HKAS 596	HKAS 597	HKAS 598	HKAS 599	HKAS 600	HKAS 601	HKAS 602	HKAS 603	HKAS 604	HKAS 605	HKAS 606	HKAS 607	HKAS 608	HKAS 609	HKAS 610	HKAS 611	HKAS 612	HKAS 613	HKAS 614	HKAS 615	HKAS 616	HKAS 617	HKAS 618	HKAS 619	HKAS 620	HKAS 621	HKAS 622	HKAS 623	HKAS 624	HKAS 625	HKAS 626	HKAS 627	HKAS 628	HKAS 629	HKAS 630	HKAS 631	HKAS 632	HKAS 633	HKAS 634	HKAS 635	HKAS 636	HKAS 637	HKAS 638	HKAS 639	HKAS 640	HKAS 641	HKAS 642	HKAS 643	HKAS 644	HKAS 645	HKAS 646	HKAS 647	HKAS 648	HKAS 649	HKAS 650	HKAS 651	HKAS 652	HKAS 653	HKAS 654	HKAS 655	HKAS 656	HKAS 657	HKAS 658	HKAS 659	HKAS 660	HKAS 661	HKAS 662	HKAS 663	HKAS 664	HKAS 665	HKAS 666	HKAS 667	HKAS 668	HKAS 669	HKAS 670	HKAS 671	HKAS 672	HKAS 673	HKAS 674	HKAS 675	HKAS 676	HKAS 677	HKAS 678	HKAS 679	HKAS 680	HKAS 681	HKAS 682	HKAS 683	HKAS 684	HKAS 685	HKAS 686	HKAS 687	HKAS 688	HKAS 689	HKAS 690	HKAS 691	HKAS 692	HKAS 693	HKAS 694	HKAS 695	HKAS 696	HKAS 697	HKAS 698	HKAS 699	HKAS 700	HKAS 701	HKAS 702	HKAS 703	HKAS 704	HKAS 705	HKAS 706	HKAS 707	HKAS 708	HKAS 709	HKAS 710	HKAS 711	HKAS 712	HKAS 713	HKAS 714	HKAS 715	HKAS 716	HKAS 717	HKAS 718	HKAS 719	HKAS 720	HKAS 721	HKAS 722	HKAS 723	HKAS 724	HKAS 725	HKAS 726	HKAS 727	HKAS 728	HKAS 729	HKAS 730	HKAS 731	HKAS 732	HKAS 733	HKAS 734	HKAS 735	HKAS 736	HKAS 737	HKAS 738	HKAS 739	HKAS 740	HKAS 741	HKAS 742	HKAS 743	HKAS 744	HKAS 745	HKAS 746	HKAS 747	HKAS 748	HKAS 749	HKAS 750	HKAS 751	HKAS 752	HKAS 753	HKAS 754	HKAS 755	HKAS 756	HKAS 757	HKAS 758	HKAS 759	HKAS 760	HKAS 761	HKAS 762	HKAS 763	HKAS 764	HKAS 765	HKAS 766	HKAS 767	HKAS 768	HKAS 769	HKAS 770	HKAS 771	HKAS 772	HKAS 773	HKAS 774	HKAS 775	HKAS 776	HKAS 777	HKAS 778	HKAS 779	HKAS 780	HKAS 781	HKAS 782	HKAS 783	HKAS 784	HKAS 785	HKAS 786	HKAS 787	HKAS 788	HKAS 789	HKAS 790	HKAS 791	HKAS 792	HKAS 793	HKAS 794	HKAS 795	HKAS 796	HKAS 797	HKAS 798	HKAS 799	HKAS 800	HKAS 801	HKAS 802	HKAS 803	HKAS 804	HKAS 805	HKAS 806	HKAS 807	HKAS 808	HKAS 809	HKAS 810	HKAS 811	HKAS 812	HKAS 813	HKAS 814	HKAS 815	HKAS 816	HKAS 817	HKAS 818	HKAS 819	HKAS 820	HKAS 821	HKAS 822	HKAS 823	HKAS 824	HKAS 825	HKAS 826	HKAS 827	HKAS 828	HKAS 829	HKAS 830	HKAS
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Page 2

Within one month	HK\$ 500	HK\$ 500
Two to three months	23,849	60,830
Four to six months	18,550	41,135
Over six months	57,417	23,867
	423,667	103,850

Issue of fixed rate not

Shortfall in market price of shares issued	18,405,196
Full value of consideration	(4,785,35)
Direct costs relating to the acquisition	13,619,84
	16,74

On 22nd July 2005, the Group completed the acquisition of Galaxy with part of the consideration being satisfied by the allotment and issue of 1,840,519,798 new shares of HK\$0.10 each by the Company at an issue price of HK\$8.00 each. Business Combinations<sup>3</sup> requires the fair value of the stated consideration for accounting purposes to be determined at the date that control passes over the net assets attributable to the acquisition becomes effective. At the completion date of the acquisition

## MANAGEMENT DISCUSSION

On 22nd July 2005, the acquisition ("Acquisition") of 88.1% of the voting shares carrying 97.9% of the economic interest in Galaxy by Carlton Treasury Group Ltd, a wholly owned subsidiary of the Company, pursuant to an acquisition agreement dated 14th March 2005 was completed by two supplemental agreements dated 1st April 2005 and 31st May 2005.

The purchase price was HK\$18,405,196,023, which was satisfied (i) as to about 80% by the purchase of HK\$18,405,196,023 of new shares of the Company to the vendors credited at par value of HK\$1.00 each and (ii) as to about 20% by the issue to the vendors of HK\$2,343,428,693 participating notes of unsecured fixed rate notes and the payment in cash made to the vendors of HK\$1,166,800,000 raised from a public placement announced on 21st August 2005. HK\$9 per share, HK\$29 per share and HK\$29 per share of the Company were placed to independent investor/ subscribers for the period from the date of acquisition to 31st December 2005 and in the annual results of the Group for the year ended 31st December 2005.

Hong Kong Limited and was

Further details of the Acquisition were included in the circular of the Company dated 30th June 2005 issued to the shareholders.

### gaming and tourism market

gaming industry

year. The profit attributable to an excess of fair value of

Set out below is the segment analysis of the Group's operating result for the year 2005:

Operating profit/(loss)	2,625	3	(38)	2,598
Non-recurring items	(3,025)	(9)	20	(3,014)
Depreciation and amortisation	419	117	—	536

The businesses of the construction materials division continued to expand into the Mainland during the year. This division now has established operations in most of the major cities across the Mainland.

The business's improvement of the division's Hong Kong construction materials operation continues to improve although sales volume remains at a low level owing to the reduced demand for construction materials in Hong Kong. The division's sales volume in the macroeconomic measures in the Mainland have slightly affected the sales growth in overall sales. As a result, turnover for the year could only be maintained a similar level to that of last year. The division has incurred a loss this year as compared to a profit last year as a result of the above factors. The division's operating results for the year are as follows:

	2007	2006
Revenue	1,000,000	1,000,000
Cost of sales	(800,000)	(800,000)
Gross profit	200,000	200,000
Operating expenses	(100,000)	(100,000)
Operating income	100,000	100,000
Other income	50,000	50,000
Other expenses	(50,000)	(50,000)
Profit before tax	100,000	100,000
Income tax	(20,000)	(20,000)
Profit after tax	80,000	80,000

adoption of new accounting standards has given rise to a special prior year gain on property revaluation being included in the profit and loss account of 2004. Had these non-occurring items been excluded, the net profit for the year was in fact similar to that of last year.

The economy of Hong Kong continued to enjoy a remarkable growth during the year. Consumer spending increased and asset prices were creeping up gradually. However the suspension of regular land auctions and the halt of mega development projects in both West and New Territories have resulted in a sharp decline in the demand for construction materials during the year. It is envisaged that, once these projects are released together with the improving property development market led by the growth in economy, the demand for construction materials in Hong Kong business acquisition has expanded further its construction

effect, but also helps us to be well positioned to capture a larger market share from the growing volume of construction materials market in the years ahead.

The rehabilitation work of KWP Quarry Co., Limited at Anderson Road Road Quarry in which we have a 63.5% interest continues to progress in accordance with the planned schedule.

In Macau, driven by the rapid growth of tourism, hospitality and gaming industry, the construction works in the area have been extremely active during the year. The prevailing market conditions have generated a substantial and continuous demand for quality construction materials for the construction works in the area. Seizing such valuable opportunity, we have established

The persistent macroeconomic measures upheld by the Central Government have caused a sharp increase in the price of construction materials. Because much more has been stabilized during the past few years, the macroeconomic measures have some effects in lowering the construction activities in the future, in which, it has had a solid foundation for a sustainable growth in the future, in which, it will benefit at the long term.

[illegible]

The local market demand for cement is high and it is envisaged that with the commencement of the new cement plant, the Group will be able to supply additional production to meet the current and future demand under construction, the joint venture will provide us with a new source of revenue.

On top of the supply demand for cement in the Gambia market resulting from the construction of the new cement plant, the Group has implemented various macroeconomic measures. The performance of our cement joint venture in Gambia was very satisfactory. Active measures have been undertaken to improve the cost efficiency and enhance our competitiveness in the market.

**Liquidity and Financial Resources**

The financial position of the Group has remained strong during the year. The shareholders

In April 2005, the Company, through a share placement of shares, has issued 146 million new shares at HK\$5 per share and has generated cash proceeds of approximately HK\$1,373.7 million. Such cash proceeds were applied to fund the Acquisition in July, 2005.

The Group continues to maintain a strong cash position. As at 31st December 2005, total cash and bank balances were HK\$5,068 million as compared to HK\$171 million as at 31st December 2004.

compared to HK\$322 million as at 31st December 2004. The total indebtedness of the Group is mainly comprised bank loans, fixed rate notes, guaranteed notes and other obligations which are largely denominated in Hong Kong Dollars and United States Dollars. The Group's borrowings are monitored to ensure a smooth repayment schedule to maturity.

Jointly controlled entities and associates	—	—
Share of profits less losses before tax	(74)	(74)
Non-recurring items	109	109

Earnings before non-recurring items, depreciation and	—	33	—	33
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## Gaming and Entertainment Division Overview

Galaxy operators on one of the fastest-growing gaming markets in the world. In 2005, this division had its first full year of casino operation at its first city club casino, Wallys Casino, HK\$1.6 million. Revenue from gaming operation for the six months of August HK\$1.63 million, as compared to HK\$1.2 million in the previous year, which had six months of gaming operation. After the deduction of operation, administrative, and other expenses in relation to the development of the StarWorld, the Coral Mega Resort and two new city club casinos, this division recorded an EBITDA, excludes non-recurring items, of HK\$139 million for the year.

2005 marked another year of double digit growth for the Macau gaming market with the total

## gaming re

**StarWorld**, the first flagship entertainment complex of Galaxy, is strategically located at the main entrance of the fair. Year on 2009, it represented a market share of 3.7% of the total market with only 43 VIP tables and 20 mass gaming tables and 74 slots machines.

and the interior is designed by LRF Designers Ltd. The double-layer exterior glass wall will deliver intriguing and marvelous effects from the resulting superimposed images. StarWorld

will be the

Construction of SeaWorld, the first Galaxy-built, owned and operated casino hotel resort, is currently on schedule. The tower block was topped out in January 2006 and the casino is entertainment center and music lounge.

StarWorld, with 250 gaming tables, 300 electronic machines and 500 hotel rooms, will greatly contribute to the success of the Group.

As the

Coral Mega Resort is well positioned in the newly developed Coral district with convenient access to the highway. The resort is a 100-acre site with a 1,000-room hotel, a 1,000-table casino and a 1,000-table restaurant. The resort is a 100-acre site with a 1,000-room hotel, a 1,000-table casino and a 1,000-table restaurant. The resort is a 100-acre site with a 1,000-room hotel, a 1,000-table casino and a 1,000-table restaurant.

The other facilities of Cotai Mega Resort include huge shopping malls, health club and spa, music lounges, children's amusement arcade, theater and a wide variety of food and beverage services.

**Galaxy City Clubs**

In addition to our owned properties at StarWorld and Coral Mega Resort, we have added two new city club casinos: the Rio Casino and the Grand Wailea Casino.

Rio Casino, with 75 gaming tables and 150 electronic machines on the main gaming floor and 15 VIP casino tables in luxurious VIP rooms on the top floor of the Rio hotel has commenced

## Gaming

**Bond Issue**

In December 2005, we successfully raised US\$600 million comprising of US\$350 million in 8.875% guaranteed senior notes maturing on 15th December 2012 and US\$250 million in 8.875% guaranteed senior floating rate notes, at six month LIBOR plus 5%, maturing on 15th December 2010.

We have repaid the loan of HK\$242 million to Hang Seng Bank from the bond proceeds. We have the bond issue and the repaid loan shown in the timeline of our operations.

With our core issue and the projected cash flows from operations of our properties StarWorld, Waldo, Rio and Grand Waldo, we have sufficient funds to complete the construction and development of StarWorld and the Cotai Mega Resort.

resources were allocated to them, and whether capital expenditures were related to assets acquisitions.

### Gearing Ratio

The gearing ratio, defined as the ratio of total loans outstanding less cash balances to total assets (excludes cash balances), was maintained at a satisfactory level of 12% at 31st December 2005 as compared to 7% as at 31st December 2004.

## Treasury Policy

The Group continues to adopt a conservative treasury policy with all bank deposits in either Hong Kong Dollars, United States Dollars or in the local currencies of the operating subsidiaries, keeping a minimum exposure to foreign exchange risks. All of the Group's derivatives are in either Hong Kong Dollars, United States Dollars or German, Forward contracts, foreign exchange contracts are utilized when suitable opportunities arise and where considered appropriate, to hedge against foreign exchange exposure. The Group has not engaged in the use of other derivative products, which are considered not necessary for the Group's treasury management activities.

### Charges on Group Assets

Leasehold land with net book values of HK\$221 million (2004: HK\$227 million) and bank deposits of HK\$259 million (2004: nil) have been pledged to secure banking facilities.

### Contingent Liabilities

The Company has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to HK\$534 million (2004: HK\$290 million). At 31st December 2005 the facilities utilised amounted to HK\$124 million (2004: HK\$105 million).

## EMPLOYEES AND REMUNERATION POLICY

At 31st December 2005, the Group, excluding associated companies and jointly controlled entities, employed around 3,944 employees in Hong Kong, Macau and Mainland China. Employee costs, excluding Directors' emoluments, amounted to HK\$232 million.

The group recruits and promotes individuals based on their competencies, merit and development potential and ensures remuneration packages are competitive. The Group has implemented a share option scheme for executives from 1991 following approval by its shareholders for the option of providing competitive package and long term retention of shareholders for the purpose of providing competitive package and long term retention of management talents. Likewise in Mexico and Mainland China, employees' remuneration is commensurate with market levels with emphasis on provision of training and development opportunities.

**PURCHASE, SALE OR REDEMPTION OF SHARES**

The Company has not redeemed any of its shares during the year ended 31st December 2005. Neither the Company nor any of its subsidiaries have purchased or sold any of the Company's shares during the year ended 31st December 2005.

## AUDIT COMMITTEES

The Audit Committee of the Company has reviewed the results for the year ended 31 December 2005. The figures in this preliminary announcement of the results of the Group for the year ended 31st December 2005 have been agreed by the Company's auditors. The PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year, PricewaterhouseCoopers' works, in this respect, do not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements. Issued by the Hong Kong Institute of Certified Public Accountants.

## CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices ("Code") of the Securities and Exchange Commission ("SEC") and the Rules Governing the Listing of Securities on the New York Stock Exchange ("NYSE") set out in Appendix 14 of the Rules. The Board considers that the spirit of Code provision A.4.2 has been upheld, given that the other Directors do rotate by rotation every three years as a matter of actual practice, even though the Board does not require the Chairman and the Managing Director to rotate by the end of the year. The Chairman and the Managing Director have been re-elected to their respective offices and continued to hold office for a further year, as a result of the annual general meeting of the Company held on 28th April 2005 as they had other engagements.

**REMUNERATION COMMITTEE**

The Company has set up a Remuneration Committee on 27th January 2006 with written terms of reference in accordance with the requirements of Code provisions B.1.1 to B.1.5.

### PUBLICATION OF FURTHER INFORMATION

The Annual Report 2005 of the Company containing all information required by the Listing Rules will be published on the respective websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

## DIRECTORS

At the time of this announcement, the executive directors are Dr. Lui Che Woo, Mr. Francis Lui Yui Tung, Mr. Chan Kai Nang, Mr. Joseph Chee Ying Kung, Mr. William Lo Chi Chuen, and Ms. Paddy Tang Lai Wei Yu; the non-executive director is Mr. Moses Cheng Mo Chi; and the independent non-executive directors are Dr. Charles Cheung Wai Bun, Mr. James Ross Ansell and Dr. William Yip Shue Lam.

By Order of the Board  
Kitty Chen Lai Kit  
Company Secretary

項目	10
固定資産及び負債	1,452,047
流動資産及び負債	2,943,886
固定資産	1,096
流動資産	431,311
固定負債	950,394
流動負債	26,387,921
固定資産	2,414,583

總計	1,782	1,782	1,782
一、營業收入	1,782	1,782	1,782
二、營業成本	1,782	1,782	1,782
三、營業利潤	1,782	1,782	1,782
四、營業外收入	1,782	1,782	1,782
五、營業外支出	1,782	1,782	1,782
六、營業利潤	1,782	1,782	1,782
七、營業外收入	1,782	1,782	1,782
八、營業外支出	1,782	1,782	1,782
九、營業利潤	1,782	1,782	1,782
十、營業外收入	1,782	1,782	1,782
十一、營業外支出	1,782	1,782	1,782
十二、營業利潤	1,782	1,782	1,782
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十五、營業利潤	1,782	1,782	1,782
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十八、營業利潤	1,782	1,782	1,782
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七十四、營業外支出	1,782	1,782	1,782
七十五、營業利潤	1,782	1,782	1,782
七十六、營業外收入	1,782	1,782	1,782
七十七、營業外支出	1,782	1,782	1,782
七十八、營業利潤	1,782	1,782	1,782
七十九、營業外收入	1,782	1,782	1,782

[illegible][illegible][illegible][illegible]





股和股份。本公司擁有足額現金及現金等價物及易於變現的資產，足以應付本公司目前及可預見的未來現金需求。

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